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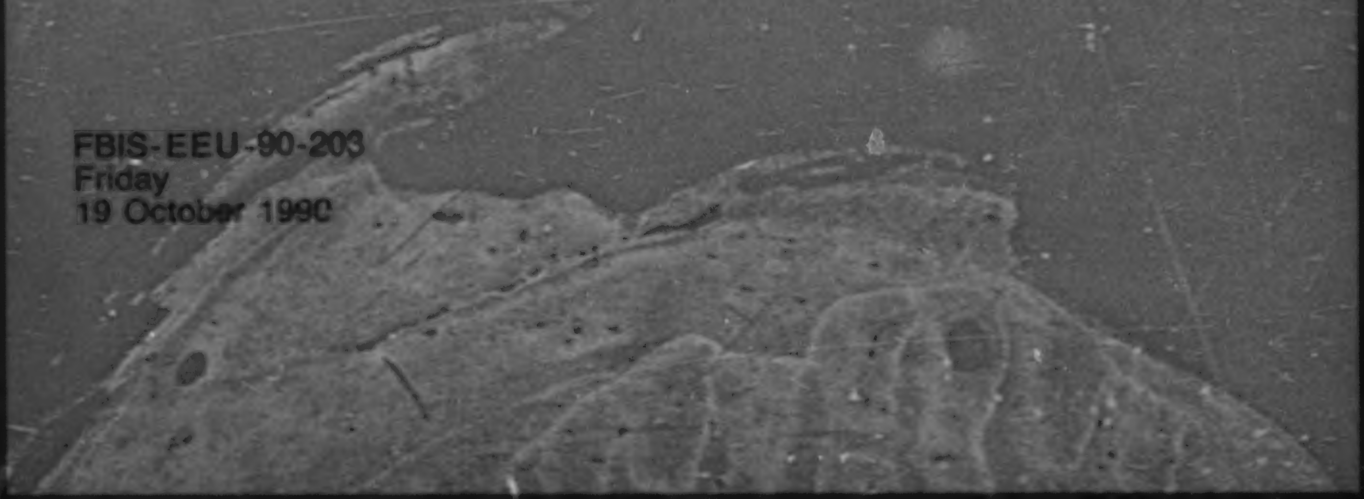

FBIS-EEU-90-203
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19 October 1990

Daily Report
East Europe

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Minister Comments on New Economic Mechanism

AU1910093990 Tirana ZERI I POPULLIT in Albanian 10 Oct 90 p 2

[Article by Finance Minister Andrea Nako: "In the Course of Introducing the New Economic Mechanism"]

[Text] One sign of the times is the work being done to enforce the demands of the new economic mechanism. Alongside the 95 enterprises which are experimenting with this mechanism, self-financing has been introduced in many others, and small branches and sectors have adopted independent accounting. Retail, service, and handicraft enterprises are basing their relations with individual outlets almost exclusively on financial obligations. The introduction of the new wage system has begun in all areas of the country's socioeconomic life. New features and aspects of life have arrived with the expansion of personal plots in the agricultural cooperatives. Relations betweem our country and foreign countries and firms are expanding and are steadily becoming more substantial.

This new spirit spread by the new economic mechanism also dictates essential changes in the financial and fiscal system. All the aforementioned relations are essentially conducted on the basis of financial obligation. A series of essential changes in the legal dispositions, of which working people have been made aware in various ways, have been enacted or are in the pipeline.

Our achievements so far in introducing the new economic mechanism—in the broad sense of the word—are becoming steadily more evident.

All these developments, however—so vitally important for our socialist economy—have also produced a range of problems, difficulties, and shortcomings which call for swift solution, lest they become stumbling blocks which hinder the introduction of the measures in question. It is, therefore, rightly up to the financial and banking institutions, like all state and economic bodies, to closely keep track of these processes to sensibly and punctually consider and solve questions which emerge.

No matter how perfect a method, law, disposition, or form of economic management may be, it cannot work if the people involved do not properly understand it. This is also true of the issues raised by this mechanism. Let us take the current preparation of the 1991 draft plan, for example. The managements of enterprises, the committees of the district people's councils, and the ministries discussed targets and attempted to introduce the concepts of the new economic mechanism. There were, however, many signs and tendencies which exposed a failure to properly consider economic and financial targets. There were tendencies to plan for production and earnings which are lower that what is realistically possible, and there were marked demands for as much expenditure and imports as possible. It seems that our specialists and cadres, failing to properly consider the interests of the collectives and the state, fell into the habit of planning for reserves. This phenomenon was evident not only in some sectors with problems, such as oil, chrome, and coal, but in some agricultural enterprises, light industry, the food and chemical industry, the iron and steel industry, etc. Can one say that the managers and apparatuses of these enterprises understood the implications of the new economic mechanism when profit is planned to be lower than in the previous year, when the support of the state budget alone is sought to continue production, and when large losses are planned not only for individual products and activities, but for enterprises as a whole?

Planning for reserves, apart from the damage it does to the rate of the country's socioeconomic development, also restricts the introduction of material incentives for individuals and working collectives. Bonuses of up to three months' salary require enterprise's real net earnings to increase compared with the previous year, not to remain stationary or fall, as has happened in the forecasts made by some managements of enterprises. Let us bear in mind that pressure from abroad, especially in higher prices, has an influence on us. Let us, therefore, assign ourselves greater tasks in the plan; furthermore, to combat unfavorable trading conditions, let us examine every opportunity and reserve to increase production and accumulation.

Profitability and viability of production lie at the foundation of the new economic mechanism, and take on a new meaning which is connected with the economic benefit of every form of expenditure and investment. The planning and achieving of optimal profitability, as expected in the law on enterprises, involves a range of factors which must be harmonized among themselves. Much work has been and is being done to perfect this as far as possible. Pricing policy is important; therefore, the demands of the new economic mechanism, changes in technology, and the organization and training of working people have been considered in provisionally determining wholesale prices for the ninth five-year period (1991-95). These prices have also considered wage increases and the transition to payment according to job category, as well as the increase of low wages. Efforts have also been made to bring prices close to the value of goods, to better reflect costs and labor productivity. In this way, losses have been eliminated in some products, while high profitability has replaced low profitability in others. Prices will now undoubtedly exert a more lively influence on increasing production and improving quality.

The control of profitability through prices must not be conceived and enforced as a way of concealing weaknesses and shortcomings in production, as has happened in some sectors of the economy. This phenomenon has been most marked in the case of some ores with low metal content, coal with low calorific value, and some food industry products in which the higher price is unjustified because of low productivity. Demands for the maintenance of artificially high prices not only affect consumers' interests, but exert a detrimental influence on production, especially on quality and the levels of supply to the people.

The new economic mechanism lays down full and fair criteria for losses and subsidies, which must be considered exceptional events in the economy. By bringing wholesale prices close to the value of the products, it is planned that the prices of the products should generally cover their costs, thus ensuring economic viability. As exceptions, however, the production of some items or services which are vital for the people and the economy, such as coal, saltwater fish, and some agricultural and animal products, may be admitted, even though their production costs are higher than their wholesale or retail prices. This, however, does not mean that we can make a "rule" out of economically justified exceptions, or ask the state to finance losses which are caused by subjective factors in organization and management. We say this because some individual enterprises, districts, and enterprises have forecast large losses. One's attention is drawn by the losses proposed for many agricultural enterprises, some particular copper mines, etc., which must not be accepted. The question arises of whether they should continue in activities in which the economy realistically spends more than it earns, as in the Bezhan coal mine or the extraction of some copper ores with a very low metal content of below 0.8 percent. Can losses also be accepted in the case of vegetables produced in the agricultural enterprises in Tirana and other districts, or should ways be found to increase the benefit that comes from viability, technology, and production management? It must be clear to everyone that the new economic mechanism does not accept losses, and that products, activities, and enterprises which are now accepted as loss-making must be made viable; otherwise, society and the state cannot bear their burden.

The main factor in increasing effectiveness and viability in production has been, and remains, cost cutting. The transfer of this responsibility to the competence of the enterprises does not mean that it does not need careful handling. There is no way to justify planned cost increases rather than reductions, as have appeared in the draft 1991 plans of some districts, which plan for a 2.5-3.0 percent increase in production costs. This becomes the cause of falling net incomes in the enterprises, which means restricted opportunities not only for self-financing, but for material incentives for working people. Now that the collectives are about to discuss and decide the figures for the 1991 draft plan, reserves and opportunities to eliminate cost increases must be found, particularly by reducing material expenditure for the raw and secondary materials which make up 60-70 percent of costs, increasing labor productivity, using productive capacity to the full, eliminating shortages, and improving in administration to prevent all damage and abuse. Wide opportunities exist. For example, the Ministry of Mines and Energy succeeded in fully covering the consequences of the increase of low wages by reducing costs in other fields, without reducing accumulation. We think it is worthwhile for other ministries to follow this example.

Work on imports and exports and on improving the country's balance of payments is a special factor which supports the new economic mechanism. In this case, the motto "No imports without exports" takes on special meaning and importance because it becomes tangible in every enterprise, not just in the economy as a whole. In increasing exports, besides traditional items, where there are many opportunities of improving quantity, quality, and packaging to add to their foreign currency value, we must also consider the ecomonic benefits of producing significant items at home and removing them from the list of imports. It will be beneficial to sow more cotton, rice, and beets, because, as market conditions have shown in recent years, increased production yields great foreign currency savings. In this, we must increase cooperation with foreign firms, as the Ministry of Agriculture is doing, to improve production technology, which leads to increased production at lower costs.

In implementation of the decisions of the 11th plenum of the party Central Committee, important measures were taken to reorganize the retail services and handicraft sector, especially in looking for a solution to this problem by economic methods. Self-financing service units, after paying their financial dues, are operating independently in many ways, from finding their own supply sources to defining their own prices within prescribed limits. This has produced a range of advantages. Working people's inner motivation to work more intensively and imaginatively has been encouraged, personal incomes have risen, and the needs of the people are better met.

Although it is said that many service and handicraft outlets, public catering facilities, and fruit and vegetable stores have changed to self-financing methods, they still do not really operate on this basis. It is difficult for their employees to adjust to this method of work; the mechanism must be explained, and working people must be persuaded of its advantages. From this point of view, it is also necessary to criticize tendencies among employees in the administration, who must justify themselves by their work; otherwise, collectives may rightly ask that superfluous and incompetent staff must be replaced or dismissed.

Trade, handicrafts, and state organs in the districts must consider the number of new service outlets that have opened to be quite inadequate; what is worse, priority has been given to private trade. Of course, attention must be given to opening private retail and handicraft outlets, but it is important to enforce the regulations which have been laid down, because certain phenomena have been noticed which must be controlled. Goods traded by the state are bought and sold speculatively, hygiene and health regulations are not properly enforced, etc. The newly created Financial Inspectorate has begun to supervise these activities and to assess and collect taxes, but the Executive Committees in some districts are not handling these problems properly. There are also some districts which have not completed the organization of this inspectorate; therefore, control of these activities is not being properly carried out.

In all issues involving the application of the new economic mechanism, accelerating the enforcement of measures and preparatory work for its introduction in all enterprises in January 1991 assumes an important place. These measures involve an assessment of the assets of enterprises by a physical inventory, including not only raw materials, packaging, spare parts, etc., but their principal equipment. The new economic mechanism calls for clear accounting, a precise balance of debits and credits, and the elimination of stockpiled goods, superfluous packaging, surplus assets, expenditure carried over from the past which has not produced results, and bogus figures. Financial bodies in the enterprises, districts, and ministries, up to the Finance Ministry, the State Bank, and the Agricultural Bank have special tasks here. The basic condition for applying this mechanism is the organization on a self-financing basis of the smallest departments of enterprises. This involves a new conception of organizational structure and of the duties of administrations, the analytical keeping of records, and a transfer of responsibility from enterprise management to other organizational sectors and links within the enterprise.

Carcani, Gjoni Attend Tirana Youth Conference

AU1810153290 Tirana ATA in English 0815 GMT 18 Oct 90

[Text] Tirana, October 1 (ATA)—The 30th conference of the LYUA [Albanian Union of Working Youth] of Tirana District held its proceedings in the agricultural cooperative "Myslim Peza" of Peze on October 18. Attending were also Comrade Adil Carcani, member of the Political Bureau of the party Central Committee and chairman of the Council of Ministers; Comrade Xhelil Gjoni, member of the Political Bureau, secretary of the party Central Committee and first secretary of the District Party Committee.

The report "For a Profound and Stable Moulding of the Youth and for a More Active Participation of the Youth and Our Organization in the Process of the Democratization of the Life of the Country" was read out. Then the conference held its proceedings in 3 sections, in that of patriotic, ideological and social education of the youth, on the further strengthening of economy and the development of science and technique. The report and contributions pointed to the fact that the implementation of the decisions of the recent plenums of the party CC [Central Committee] and the instructions of Comrade Ramiz Alia gave a greater impulse to the work for the all-sided moulding of the youth, enhancing its role in the process of the revolutionisation and democratization of the life of our country the emancipation and progress of our society, the strengthening of freedom and independence of the homeland.

Taking the floor at the conference, Comrade Adil Carcani greeted those present on behalf of the party Central Committee and Comrade Ramiz Alia personally. He said among the other things that our youth is linked with the party, experiences and lives with the problems and troubles of the country and have a clear and reliable present and future. The [word indistinct] of schools, factories, science, etc., are open to it. He voiced the confidence of the party Central Committee that the youth of Tirana, as the party wants it, will become a driving force on all the fronts of our life and example to the whole youth of our country.

SDS Members Walk Out of 18 Oct Assembly Session

Conflict Over Diplomats' Depoliticization

AU1910073990 Sofia BTA in English 2215 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—Bulgaria's parliament today went into voting but failed to pass legislation amending the Political Parties Act, whereby the Army, the police, the intelligence and the security services, the law courts, the Prosecutor's Office and the diplomatic service would be depoliticized.

The Foreign Ministry was excluded from the measure in a version moved shortly before the bill was put to the vote after an unexpectedly long break in which the major political forces held consultations.

The opposition voted for the version that would extend the depoliticization to the diplomatic service. The Socialists faction voted en bloc against. It accused the opposition of failing to honor a deal accepted by the SDS [Union of Democratic Forces] leader Mr. Petur Beron.

The opposition walked out of the chamber, sarcastically chanting "BSP" [Bulgarian Socialist Party]. Some opposition MP's said in the lobbies that the SDS may leave parliament if the depoliticization does not cover the diplomats. In the lobbies the SDS MP's were accusing their leaders of agreeing to that compromise with the Socialists.

The Socialist MP's opposed the depoliticization legislation even before it went through the first-reading vote. The BSP members argued that the act would violate the human rights of many civil servants. They demanded repeatedly reliable guarantees that there will be no "witch-hunt", and the opposition went along with that.

Dailies React to Conflict

AU1910083190 Sofia BTA in English 0756 GMT 19 Oct 90

[Excerpt] Sofia, 19 Oct (BTA)—In its coverage of yesterday's Grand National Assembly sitting, the Socialists' daily "DUMA" makes it clear that without parliamentary support the government will not assume responsibility for the implementation of its program. The opposition daily "DEMOKRATSIYA" believes that the BSP [Bulgarian Socialist Party] is boycotting the depoliticization bill introduced by the Bulgarian head of state Dr. Zhelyu Zhelev and that Prime Minister Lukanov is afraid of a debate on the government program. "Messr. Socialists, don't trip democracy" is the heading of the parliamentary report appearing in the daily of the Bulgarian Agrarian Party (BZNS), "ZEMEDELSKO ZNAME".

"DEMOKRATSIYA" quotes the results of a number of public opinion polls conducted since the beginning of the year which show how public opinion has shifted in favor of opposition forces and their emergence now as the most influential political force in the country. [passage omitted].

BSP Spokesperson on Postponed Session

AU1910102190 Sofia Domestic Service in Bulgarian 0900 GMT 19 Oct 90

[Interview with Bulgarian Socialist Party spokesperson Elena Poptodorova by Lili Yanchev at the Grand National Assembly in Sofia—live]

[Text] [Yancheva] We already informed you about the announcement of the Grand National Assembly Bureau that the morning session of the Grand National Assembly is not expected to take place, and as predicted, an additional announcement on whether the session will open in the afternoon is to be expected. For those listeners who are not up to date, I will repeat that the deputies from the Union of Democratic Forces [SDS] left the hall during yesterday's session because of the disagreement in connection with the draft law on the depoliticization of state institutions, and in particular as regards the question of depoliticization in the Foreign Affairs Ministry. The vote could not be passed on the draft law because of the missing quorum as a result of which the session was interrupted.

The latest news from parliament is that a meeting of the Bulgarian Socialist Party [BSP] parliamentary group was just held. I am here with Mrs. Elena Poptodorova [press spokesperson of the BSP] and would like to ask her: What did you discuss?

[Poptodorova] Naturally, we discussed the extraordinary situation which has emerged. We were surprised by the National Assembly Bureau's decision to postpone the session and some members of our faction disagreed with it. They expressed the opinion that the postponement of the morning session should have been decided by the plenum. However, I think that we should understand the exceptional situation emerged as a result of yesterday's session. It is evident that consulations at the highest level are taking place, which we have to await so that the next plenary session may open in a somewhat more peaceful atmosphere.

I repeat, it would have been better to have reached an advance consensus [words indistinct].

[Yancheva] Do you have any hope that an afternoon session may still take place?

[Poptodorova] Yes, yes, the very fact that our entire parliamentary group decided to stay and await a decision and an announcement on the opening time, means that we hope to pursue our work this afternoon. I think that the work of the session was untimely interrupted yesterday and that we should continue today.

[Yancheva] This is my latest report from parliament for the time being. We shall inform you on any other developments as soon as they are announced.

Assembly Economic Commission Approves Reform Plan

AU1810182190 Sofia DUMA in Bulgarian 16 Oct 90 p 1

[Dimitrina Aleksandrova report: "Parliamentary Commission Approved Lukanov's 'Merciless Program'"]

[Text] The government program is a document of radical economic reform—this was the opinion on which all members of the parliamentary commission on economic questions agreed.

The deputies' critical remarks applied, above all, to the stages of the reform and to the specification and coordination of time factors. It was pointed out that some aspects of the program are expressed in excessively general terms.

The unspecified institutional basis was also described as a shortcoming. The laws are part of this basis. Professor Stefan Stoilov stated that the majority of the draft laws in question have been submitted to the Grand National Assembly. The rest of them are in the last stage of experts' discussion.

Ivan Pushkarov explained that in raising the problem of the institutional basis of the reforms envisaged by the program, he is also taking into consideration the merging of functions in connection with implementing the reforms—namely merging the functions of the state as an organ of power and as the owner. This is important for the total transition to a market economy, but it concerns also very specific solutions related to the near future—such as the problem of privatization.

The debates touched upon a problem the solution of which is a prerogative of the National Assembly—namely the question of who is responsible for state property. It is possible that such rights might be transferred to the government institutions, or to specialized organs which are independent from the Council of Ministers.

Considering that a major part of the reform measures envisaged by the Council of Ministers "provide vast opportunities for tactical maneuvers," the parliamentary economic commission decided to propose the introduction of a control mechanism over the "Lukanov Program" to the National Assembly. This means that the government should periodically report to the National Assembly deputies on the progress of changes and on the forthcoming measures it intends adopting. As a matter of fact, this proposal is contained in the government program and was also suggested by Andrey Lukanov in his address delivered in introducing the program to parliament.

The question whether the economic commission should vote on a decision in connection with approving the program was raised.

Boris Spirov, deputy chairman of the commission said, that in evaluating the program as a document of radical economic reform, the deputies have actually declared their approval, while the proposed control mechanism entitles them to pronounce themselves on its implementation.

Yesterday's meeting of the economic commission once more showed that the deputies are working with much greater efficiency when they are acting as experts, rather than as politicians.

It is quite probable that the experts' approval may result in a consensus of the political forces in parliament about the "Lukanov Program."

Nevertheless, only the debate at the plenary session of the Grand National Assembly, expected to take place in the afternoon of Wednesday, 17 October, will show whether the rest of the politicians are listening to their colleagues—the experts.

Zhelev Discusses Lukanov Program

AU1810133190 Sofia VECHERNI NOVINI in Bulgarian 16 Oct 90 pp 1, 2

[Interview with President Zhelyu Zhelev by Khristofor Ilchev in Sofia; date not given: "Changes for Our Common Sake"]

[Excerpts] [passage omitted] [Ilchev] Mr. President, what do you think about Mr. Lukanov's program for overcoming the economic crisis?

[Zhelev] The program is another paradox in our sociopolitical life. The program is radical and I continue to think that we should support first of all its...economic part. If someone wants to criticize it—let him attack most of all its courageous character. This is a bold program of overcoming difficulties. It must be quickly implemented.

[Ilchev] You used the word "paradox." How are we to understand it?

[Zhelev] My visit abroad was very useful. I would like to share with you something that Mr. Mitterrand said to me at the official dinner. He asked me how I, as president, rule together with the former Communists and present Socialists. I do not know what the leader of the great Western European state meant by this, but I think that I answered successfully with the following sentence.

[Ilchev] And what did you answer, Mr. President?

[Zhelev] I said: Mr. Mitterrand, as far as I know there also are communists in France. I do not know whether he liked my joke, but it must be pointed out that the present Bulgarian Socialist Party changed a lot. This change is in the interest of all Bulgarians, our entire nation that suffered so much. [passage omitted]

[Ilchev] Mr. President, you are in a good mood, but I still have not asked the most significant question. It refers to the way of overcoming the crisis.

[Zhelev] I am convinced that we shall overcome the crisis! However, this will happen only if we drink the bitter cup to the end. Even if God were our prime minister now, he would have difficulties. We could painlessly improve our standard of living if we had had a great western Bulgaria, in the sense of Western Germany. We do not have this luck, therefore, we must everything possible that some people would not have cakes and ale all the time, while others drink the bitter cup.

In other words, we shall overcome the difficulties if all political parties demonstrate prudence. I can be even more specific: This could happen by next year, especially in agriculture. This should help to stock the shops up. This could happen even faster if the Grand National Assembly adopts as soon as possible the laws on the land and on privatization. Everything depends on us. If we implement prudent reforms and begin to work in a strenuous and efficient manner a time will come when we will forget the bitter past!

Assembly Postpones Open Debate

AU1810171490 Sofia BTA in English 1637 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—The major political forces represented in the Bulgarian parliament obviously cannot reach agreement on the Socialist government's programme submitted by Prime Minister Mr. Andrey Lukanov on October 10. The ruling Socialist Party and the opposition clashed over the issue in the debating chamber.

At the start of today's sitting Mr. Lukanov moved that the debate on the government programme be adjourned. He insists that a multi-partisan parliamentary committee sum up the committees' remarks and that the major political forces hold consultations. "No such committee was formed so far because certain political forces did not name their representatives to it," the prime minister stressed, openly accusing the opposition of refusing to cooperate with him. Mr. Lukanov hopes that in a day or two a parliamentary consensus on his programme can be achieved and that it will be voted in early next week.

"We want a debate on the programme today," stressed Mr. Stoyan Ganev M.P., spokesman for the Union of Democratic Forces (SDS). "We don't want to discuss the programme in the lobbies and in the offices but in front of the people." The debate does not stand in the way of political consultations, he believes.

In the ensuing row Mr. Lukanov and Mr. Ganev exchanged some strong language. The prime minister accused the opposition of planning something which is not good for the Bulgarian people.

The Socialists once again want everything to be done behind the back of the people, Mr. Ventseslav Dimitrov M.P. of the SDS commented on the row for the BTA. The opposition M.P.'s were going to say a lot of good things about the prime minister's programme but would not miss the opportunity to identify the points in which it is untenable, the SDS leaders say. And this is precisely what Mr. Lukanov wants to prevent, he insisted on an early launch of the programme.

"It is time that we state clearly in parliament what sets us apart. We have had enough demagogy and generalities," Mr. Dimitur Ludzhev M.P. of the SDS, told the Grand National Assembly.

Alternative Socialist Party Joins SDS Coalition

AU1810200390 Sofia BTA in English 1854 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—As from today the Alternative Socialist Party (ASP) is affiliated to the Union of Democratic Forces (SDS), according to a decision of the SDS Coordinating Council. This brings the number of parties, organisations and movements in the SDS to 17.

The ASP, which broke away from the Bulgarian Communist (now Socialist) Party after its extraordinary congress at the beginning of the year, decided to join the SDS two weeks ago. The final decision, however, had to be made by the Coordinating Council. The ASP will probably change its name soon to indicate its break with socialist ideas.

Yet another five parties have said they wanted to join the SDS.

Slow Expulsion of Corrupt BSP Members Ridiculed

AU1810223290 Sofia DUMA in Bulgarian 17 Oct 90 p 4

[Angel Bonev article: "Are Others Again Expected To Do Our Job?"]

[Text] It was firmly proved that we lived in a totalitarian society. People have suffered or have been subjected to repressions only because they thought differently than the leaders did. The laws and morals have been infringed upon. Ideals and human destinies have been crushed. Corruption and abuse of power were vastly spread.

The guilty ones received a heavy but well-deserved punishment.

Only 11 months have passed since 10 November, but the party has already expelled the grand total of...20 members. Some of the permanent figures just beneath the top decided alone to return their membership cards. So what are we supposed to do with them now? Shall we expel them? Did not we become a humane society and party? The important thing is that the mysterious circle around Todor Zhivkov has been eliminated. This must have been a terrible group of people, if just a few persons held in their hands the party and the state for more than 30 years.

Sources close to the All-Party Control Commission announced that at present tip-offs related to some 10 additional persons are being checked. Some of them are indeed uncomfortable—not because they might find themselves among the expelled members, but because they are still in Bulgaria. Those who are most uncomfortable are several former okrug and oblast leaders, from whom the municipal party organizations have categorically dissociated themselves. The penalty they received is infernally refined—they were left alone with the companies they formed.

Justice prevailed, as is always the case in children's tales. Blessed are the innocent believers!

However, I am not one of them, and therefore I know: the opposition will do what the party does not want to do. And let me tell you, the opposition will not propose to expel those people from the Bulgarian Socialist Party [BSP]. Furthermore, it will not bother with dissociating itself from those responsible for the crisis. The opposition is already preparing a public trial, and after a while it might begin to talk about establishing a tribunal. Finally, it certainly will not be satisfied with sentencing only 20 former dignitaries.

I know this for sure, without having spoken to any of the All-Party Control Commission members. But then, what could they tell me?!

New BSP Rules, Doctrine, Symbols Published

AU1810171090 Sofia BTA in English 1629 GMT 18 Oct 90

["Socialists Bid Farewell to Leninism, Red Star"—BTA headline]

[Text] Sofia, 18 Oct (BTA)—Today's "DUMA" runs the Rules of the Bulgarian Socialist Party (BSP) adopted at the party's 39th congress. According to the rules, the Bulgarian Socialist Party is a political organisation seeking a democratic and humane society based on universal, national and socialist values.

The BSP is a mass parliamentary party which expresses the interests of the working people and which attains its goals by democratic means and in compliance with the Constitution and the law of the land. Its activities are based on the values of Marxism, of the experience and the traditions of the socialist movement and of the contemporary left democratic parties and movements. As a party of democratic socialism it is part of the world socialist left, the rules point out. It does not mention the word "Leninism."

The BSP is defined as a democratic and single organisation which functions and develops on the basis of the principle of democratic unity.

The rules envisages freedom of ideological tendencies, platforms, movements and associations within the framework of the policy purposes and the rules of the party. However, they cannot go on a ticket of their own in elections to bodies of state power, as the Alternative Socialist Organisation (ASO) did at the parliamentary elections in June 1990 and drew strong criticism of disloyalty at the 39th Congress.

The supreme governing body of the party is the congress which elects a Supreme Council and a chairman of the Supreme Council of the party, unlike before, when the Supreme Council itself used to elect its chairman. A regular congress is convened once every three years and an extraordinary congress may be called by the Supreme Council or on the initiative of at least one-quarter of the party members. In the years when there is no congress the party will hold annual party conferences. Under the rules, party members are limited to three terms of office in all-party bodies.

People who acknowledge the values, the policy purposes and the documents of the party, who are not members of other parties and who pay their members subscription (which depends on their income) may join the primary party branches.

Each member of the BSP undertakes to work for the implementation of the party policy, to strengthen its contacts with the people, to take part in the election campaign and to help assert the democratic state committed to the rule of law.

The All-Party Control Commission is granted the right to consider matters concerning party membership, something which could not be handled by the previous Party Ethics Commission. As a result, some motions of the Ethics Commission on the expulsion from the party of members who have discredited themselves under the totalitarian regime have been voted down by the primary branches which, under the previous rules, had an exclusive right to decide these matters.

The BSP implements its policy in the National Assembly, in the government and the other bodies of executive power through its members legitimately elected to these bodies and through other legitimate democratic forms of influence. The Socialists' parliamentary and political strategy and tactics are worked out at joint meetings of the Supreme Council and the parliamentary faction.

The rules does not rule out BSP cooperation with other parties for coalition participation in elections and for the shaping of common stands on specific socio-political issues. The party symbols are the red banner with an emblem consisting of the white-lettered acronym "BSP" and a red rose with green leaves against a white background, the Bulgarian national colours.

The red star is retained as a "historical symbol of the struggles and the casualties suffered by the party."

Trade Unions Protest Proposed 300-Day Moratorium

AU1810174390 Sofia TRUD in Bulgarian 16 Oct 90 p 1

[Letter from the Executive Committee of the Confederation of Independent Trade Unions to the Council of Ministers signed in Sofia on 15 October]

[Text] The Executive Committee of the Confederation of Independent Trade Unions in Bulgaria [CITUB] makes a sharp protest to the government in connection with the fact that the government's Program for Further Democratizing Society and Speeding the Transition to a Market Economy was officially submitted to the CITUB only today, 15 October 1990. The program is accompanied by an official invitation to hold negotiations on the government's draft program on the same day, 15 October. Such an attitude is extremely reminiscent of the well-known stereotype of the past, when the trade unions were invited with the sole purpose of providing decoration by their presence for state measures, and is in complete contradiction to the statement made in the program itself, namely that the government attaches particular importance to its cooperation with the trade union organizations.

Within the two hours allowed, the CITUB Executive Committee finds it impossible to fully prepare its viewpoint on the proposed program in a responsible way, but in this connection makes the following preliminary observations.

An economic program is proposed which is heavily socially oriented. However, the CITUB is clearly aware that the implementation of this program will inevitably be at a high social cost. We understand the proposal and are prepared to support a sensible economic program, but we can reach a conclusion on whether the proposed program is such only after analyzing it in detail. The Executive Committee undertakes to present its argued views on the proposed draft to the government within the shortest possible time.

The Executive Committee considers that no economic reform can be implemented in the country without reaching consensus between all the interested parties. However, we hope that the 300-day moratorium proposed by the prime minister is not meant to refer to trade union forms of action. The CITUB, as an organization with a mission to defend the interests of hired employees, cannot accept a de facto ban on strike actions, which would mean the following:

—the continuation of the tendency for the government to postpone and even fail to carry out its obligations under the agreements signed with the trade unions;

—disregard and even violation of the law on settling collective labor disputes; and

—the impossibility of defending the workers' interests in connection with the free negotiation of wages, which is planned to begin on 1 January 1991.

If the prime minister's proposed 300-day moratorium also covers labor disputes, and if it is supported by the Grand National Assembly, this will constitute a gross violation of the rights of the trade unions in Bulgaria, in which case the CITUB will immediately seek the support and solidarity of the international trade union movement against a possible act of legislation of this kind.

Sofia, 15 October 1990.
Executive Committee of the Confederation of Independent Trade Unions in Bulgaria.

Green Party's Karakachanov on Situation in Sofia

AU1810155790 Sofia DEMOKRATSIYA in Bulgarian 5 Oct 90 p 1

[Interview with Green Party leader Aleksandur Karakachanov by Sonya Stoyanova; place and date not given: "Who Will Be in Charge of the Sofia City Administration Until the Elections?"]

[Text] [Stoyanova] Mr. Karakachanov, DUMA announced on last Wednesday, 3 October, that according to you, the Sofia mayor and the secretary of the provisional executive committee should be "blue" [Union of Democratic Forces—SDS], which would mean a majority of the SDS and is allegedly unjustified.... Is this all true?

[Karakachanov] The people who write articles like this are either incompetent, or very biased. DUMA mentions a "leadership" of the provisional executive committee while such an institution does not exist. The provisional executive committee consists of 11 people. The Bulgarian Socialist Party [BSP] simply dislikes the fact that an important figure such as the secretary of the executive committee should be a representative of the SDS. This does not mean that the principle of an equal participation of political forces should not be observed. The SDS is even ready to reduce its quota in the provisional local government, but considers that a position of key importance, such as the post of secretary should not be occupied by a person connected with the nomenklatura.

The BSP is perfectly aware of the important role assigned to the people who are expected to make operational decisions. The secretary represents a basic factor in this respect. The Socialists are afraid that the existing balance of forces might be disrupted. This is simply not true! The chairmen of the eight commissions are also authorized to take independent decisions. They are people who have passed through the grinder of the apparatus—former municipal secretaries, former responsible functionaries of the nomenklatura. The chairmen of commissions cannot be replaced before the elections, because, according to law, they are being elected by the Sofia City People's Council session. As far as the department chiefs are concerned, the situation is also sad. They are personalities deprived of any qualifications except those of having worked for the Bulgarian Communist Party City Committee. Hence, it is more than understandable if the SDS claims the post of the executive committee secretary, which is neither a breach of law, nor an attempt at disrupting the balance of political forces.

[Stoyanova] Mr. Karakachanov, are you afraid that the SDS might disgrace itself by participating in the preliminary city administration?

[Karakachanov] I think that the Sofia citizens cannot be easily deceived about who is responsible for the deplorable situation of our capital. However, a chairman of the provisional executive committee who cannot trust even one functionary within the Sofia City Council apparatus is likely to be simply used as a cover by some people who try to settle their own affairs during the forthcoming months prior to the local elections. In such case our participation in the city administration would be symbolic, while it is our firm intention to make some essential changes within the forthcoming two months, and not only to prepare for the elections. We are resolved to adopt urgent measures for improving the situation in our city for which no one has lifted even a finger over the last six months. However, I am afraid that such measures might affect some people's interests, and it is natural that they would like to protect their own interests. Some people might be displeased if certain truths about the former work of the Sofia City Council would be disclosed just before the elections.

Named Chairman of Provisional Committee

AU1710184690 Sofia Domestic Service in Bulgarian 1730 GMT 17 Oct 90

[Text] On 16 October, at the Council of Ministers offices, talks took place between official representatives of the leaderships of the Bulgarian Socialist Party [BSP], the Union of Democratic Forces [SDS], the Bulgarian Agrarian National Union [BZNS], the Rights and Freedoms Movement, and the Fatherland Union, who consulted on appointing the members of the provisional executive committees of Sofia city and its municipalities.

The consultations were chaired by Professor Nora Ananieva, deputy chairman of the Council of Ministers. They took place in a constructive spirit of mutual respect and adherence to previously adopted principles.

A provisional executive committee of the Sofia People's Council was elected. It consists of 11 member: five representatives of the SDS; four—BSP; and two—BZNS.

Aleksandur Karakachanov of the SDS was elected chairman of the provisional executive committee. Georgi Tsvetkov of the BZNS was elected deputy chairman, and Todor Mobev of the BSP was elected secretary.

Generally acceptable agreements on the provisional executive committee on all Sofia municipalities were adopted.

The agreements that were reached do not represent a retreat from the political forces' positions, but rather an expression of their willingness to conduct a constructive dialogue in establishing the provisional executive committees.

Andrey Lukanov, chairman of the Council of Ministers, signed a decree on appointing the provisional executive committees.

Announces Plans to Press Upon Designation

AU1810210090 Sofia BTA in English 1911 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—Mr. Aleksandur Karakachanov, 30, who was recently designated interim mayor of Sofia, plans to make Sofianites feel the change.

Each employee of the Sofia City Council should assume his responsibilities as an expert and a citizen, Mr. Karakachanov said. Emphasizing his rejection of the previous style of work in which the mayor alone stood out against the background of an anonymous executive committee, he asked the competent city council officials to field the numerous questions about the preparations for the forthcoming hard winter in Sofia.

Some three-quarters of the planned 16,000 residential units are to be completed by the end of the year and they will be distributed more fairly so as to ease social tensions.

The Sofia City Council will keep trying to build up fuel for normal heating, to secure cheese, eggs, flour and other staple items which are rationed in the Bulgarian capital.

An extra number of Hungarian-made Ikarus buses are needed to normalize the operation of public transport in Sofia. Efforts are being made to buy them in a barter deal from the manufacturers in Hungary. In addition Sofia is negotiating with Berlin to buy its discarded Ikaruses second-hand.

Ruse Salvation Committee Threatens To Emigrate

AU1810205890 Sofia BTA in English 1907 GMT 18 Oct 90

[Text] Ruse, 18 Oct (BTA)—The 250,000 residents of Ruse today warned the government that they may emigrate and seek ecological asylum.

At a rally the Ruse Salvation Committee made public a declaration saying that the people of Ruse will leave their native city in protest against the "chemical warfare" which the Chemical Combined Works in Giurgiu, Romania, across the Danube, has been waging for years on the Bulgarian city, if within one month the government does not take effective measures to stop the chlorine gas attacks from the opposite river bank.

If this protest proves ineffective, the people of Ruse will relinquish their Bulgarian citizenship en masse and will seek ecological asylum for the entire city in another country or community of countries.

The residents of Ruse called on Mr. Javier Perez de Cuellar, secretary general of the United Nations, to launch a diplomatic initiative and to use his political influence for the settlement of their vital environmental problem.

"Let the United Nations spread the news that Romania owes 250,000 Bulgarians the right to ecological security," the people of Ruse write in their message to Mr. Perez de Cuellar.

Dealer in Conterfeit Dollars Receives Jail Term

AU1810160290 Sofia BTA in English 1409 GMT 18 oct 90

[Text] Belgrade, 18 Oct (BTA correspondent)—The Bulgarian national Radoslav Petrov, 26, a resident of Silistra, was caught in the act of peddling counterfeit dollars on the flea market in Bor. The district court in Zajcar sentenced him to six months imprisonment. The court found no evidence of Petrov's involvement in the counterfeiting (whereby five-dollar bills were faked into fifty-dollar bills) and he was only tried for "circulation of counterfeit banknotes," reports today's "POLITIKA EKSPRES" of Belgrade.

Petrov was caught in Bor in June by experienced Polish money changers. Their Russian colleagues told them that they had bought dollars at a lucrative rate. The old hand Poles, however, discovered the trick rightaway: The digits were forged expertly but the 50-dollar bills still featured the portrait of President Lincoln instead of General Grant. The Russians and the Poles then joined their efforts and caught Petrov together with another Bulgarian citizen who was later on proved innocent. Twenty-eight counterfeit banknotes were found on Petrov.

"One Emiliyan Stoychev, however, who is believed to be the 'ring leader,' managed to escape. The Zajcar court did not request his extradition by the Bulgarian authorities as it considered that it would involve a too complicated and expensive diplomatic procedure," the Belgrade newspaper writes.

Data on Prisoners, Prison Conditions Published

AU1810115690 Sofia BTA in English 1102 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—At the moment there are 7,444 prisoners in the 13 prisons in Bulgaria including 25 political prisoners, 450 women and 88 juvenile delinquents. In the mid 80's the prisoners totalled 18 thousand, today's SVOBODEN NAROD writes.

As of today the paper starts publishing a series of reports about the life in the Bulgarian prisons.

The first interview was held with the new head of the former Prisons Department which now is called Central Office of Detainment Establishments. Besides having been renamed, the employees of the former department have also been replaced from its head to the door-keeper.

Now 80 percent of the prisoners are gypsies, 13 percent are illiterate, 70 percent have elementary education. Prisoners are not differentiated men who have broken the traffic rules share cells with killers and juvenile pick-pockets with criminals. The reason buildings are in poor condition; they were built between 1910 and 1933. The problem of the attitude towards the persons released from prison is particularly serious. Some jailers break the rules by taking alcohol to the cells; cases of homosexuality have become more frequent.

SVOBODEN NAROD reminds of the letter of the 25 political prisoners who ask to be given a prerogative of pardon and state they have been sentenced for "crimes against a state which now is non-existent". The letter has been submitted to a parliamentary commission which will decide the fate of these people.

Bulgaria Association Wants Catholic Values Revived

AU1810200190 Sofia BTA in English 1856 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—Mr. Rumen Popov, president of the Bulgaria Association, told a news conference here today that one of the association's priorities is to revive the ideas and the values of the Bulgarian Catholic community. It was emphasized that the Bulgarian national spirit has consolidated along with the Christian virtues and with the reawakening role of the church. The Catholic Church has had a strong influence on the Bulgarian national identity.

The Bulgaria Association commends highly the activity of the Catholic Church in this country and will campaign for the establishment of a Catholic-Orthodox Institute as a centre of wide-ranging popularizing and charity work.

The association has sent the president of the Republic a letter seeking his support for the restoration of the Sofia residence and headquarters of Pope John XXIII who, as Cardinal Roncalli, served as apostolic visitor to Bulgaria from 1925 to 1935. The building could become a centre for the Catholic-Orthodox movement for peace, cultural contacts and protection of universal values. This centre could open a library of authentic documents, copies, replicas, ancient books and studies linked with Bulgarian history and the place of Catholics in it.

Kuwait Committee To Seek Meeting With Husayn

AU1810211090 Sofia BTA in English 1850 GMT 18 Oct 90

[Text] Sofia, 18 Oct (BTA)—The Kuwait Committee, which was established last week, decided at its meeting today to request a meeting with President Saddam Husayn of Iraq for a solution of the problem of the Bulgarian citizens in that country.

When he was elected chairman of the public committee, Academician Blagovest Sendov said that Kuwait was merely the occasion rather than the reason for setting up this committee. "I think that even after the problem is settled we will still deal with such questions," Academician Sendov said.

The meeting adopted a statute of the committee and elected a five-member governing board. Mr. Ivan

Garelov, a well-known TV personality, and Mr. Lyubomir Ivanov M.P. of the Union of Democratic Forces are deputy chairmen of the committee.

Volunteers for Army Service in Gulf Interviewed

AU1810170190 Sofia MLADEZH in Bulgarian 16 Oct 90 p 2

[Martin Todorov report: "The Volunteers"]

[Text] Some 1,500 volunteers from Sofia and the country have already registered at the small table in front of the "Lilyana Dimitrova" Youth Club.

"I will go to fight because I see no prospects here. I suffocate here—one must either be a crook or a thief. What am I supposed to do with my salary of 250 leva? The conditions in the Persian Gulf do not scare me. Please write down the following proverb: 'The Pasha likes the brave ones, he beheads the cowards.'" (Petur Semerdzhiev, 41, driver, a private in the reserves).

A loud sentence uttered by somebody standing in the line can be heard: "Well, if we go, at least we shall get a nice drink, good cigarettes, and perhaps even something else...."

"I am healthy and fit as a soldier. Until recently, I was a teacher at an auxiliary school. A hungry and cold winter lies ahead. There is no guarantee that it will be better here than there. Going to the Persian Gulf will be a test for me." (Valentin Yordanov, 26, military profession—radio operator.)

Somebody else says to me: "If you read and talk about DUMA—what are you doing here??"

"I have no military training, but I speak English well. I worked in Libya under Al-Qadhdhafi. Anything could be expected from him. I am not pro-Kuwait, but I see the sense of the entire world opposing an aggression. It would be a shame if Bulgaria stays out of it. On Wednesday [10 October], I heard the chairman of the Socialist Youth Union speaking on the Khorizont program and using a cheap argument against sending volunteers to the Gulf: We have been traditionally good partners of the Iraqis. Does it mean that we should not have fought against Germany in the Fatherland War, because we had had good relations with Germany?" (Krasimir Kumanski, 51, zoologist, director of the Natural History Museum, corporal in the reserves).

The man who registers the volunteers is Ivan Netsov, an employee of the Service for Recruiting Volunteers at the Military Administration. What about the list of volunteers? Parliament will decide the issue. Afterward the initiative committee will convene and announce the meeting place. "Our work ends when professional military persons take over the volunteers' issue. If a small country wants to feel secure it must rely on the world public. We must not remain idle now. The people who register are very brave and reliable. They do not know what the future will bring, but they are prepared to go to he desert."

The fate helps the brave ones, the Latin proverb reads.... And what about those brave people who are try to escape from themselves?

Zhelev Comments on Balkan Relations, Cooperation

AU1810202890 Sofia BTA in English 2002 GMT 18 Oct 90

[Text] Athens, 18 Oct (BTA correspondent)—In an interview for the "TA NEA" daily of Athens, Dr. Zhelyu Zhelev, president of Bulgaria, emphasizes that a continued peaceful coexistence in the Balkans requires the maintenance of more frequent and closer contacts at government level, economic contacts and cooperation. For instance, for its marketization Bulgaria needs investment and it can come both from Greece and from Turkey. At the same time, Greek experts can come to Bulgaria and work in different branches of the economy. The Bulgarian president says that Bulgaria has built excellent relations with Greece. "We can say that in the Balkans we have developed the best ties with Greece. They are often held up as a model to the other Balkan countries. That is why political and economic cooperation can go down to the lower levels, say, to the sphere of production, investment etc.," Dr. Zhelev observes.

Dr. Zhelyu Zhelev makes a special point of the fact that the process of improving relations with Turkey should by no means be pursued at the expense of Bulgaria's relations with another Balkan country, especially with Greece. "We will remain committed to our policy of increasing closeness with Greece, irrespective of the development of our relations with Turkey," he said. The Bulgarian head of state says he would gladly visit Greece and would definitely invite President Konstandinos Karamanlis of Greece and Prime Minister Konstandinos Mitsotakis, whom he knows personally, to visit Bulgaria.

Winding up his interview with "TA NEA", Dr. Zhelyu Zhelev says that the further promotion of Bulgaro-Greek relations covers military cooperation at different levels. "This is in the spirit of the general policy pursued in the world now towards arms reductions to a level of reasonable defence sufficiency. In this sense, we will continue the contacts between the two countries' defence leaderships to create an atmosphere of confidence. We have the example of the contacts between the defence chiefs of the United States and the USSR which led to a better understanding," Dr. Zhelev points out.

Vacek Recalled, New Defense Minister Appointed

Havel Decides To Replace Leader

LD1810120190 Prague Domestic Service in Slovak 1100 GMT 18 Oct 90

[Text] The conclusions drawn by the commission of the president of the republic investigating activities of the Army in November last year show that General Miroslav Vacek, then chief of the General Staff of the Czechoslovak People's Army, complied with orders aimed at the use of the Army against the population.

This was said at a news conference in Prague today by Michael Zantovsky, a Prague Castle press spokesman, when he conveyed a statement of President Vaclav Havel on the recalling of Miroslav Vacek from the post of the minister of defense.

He stressed at the same time the fact that the conclusions of the investigation do not cast doubts over the activity of Gen. Vacek in the ministerial post and that while he was in the post the Army has been a stabilizing and not a destructive factor in the society.

Federal Assembly Deputy Vojtech Deyl, chairman of the commission, added that the Army was clearly preparing last November to earmark a certain force and means to suppress mass demonstrations of the people.

Havel Appoints Dobrovsky 18 Oct

LD1810201390 Prague CTK in English 1703 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—Lubos Dobrovsky, 58, former deputy foreign minister, was appointed defence minister today.

The new minister was one of the founders of the Charter 77 human rights movement and was active in the formation of the Civic Forum, the public political movement in November and December last year. He was one of the first spokesmen of this movement which later gained a landslide victory in parliamentary elections. Since December he was Foreign Ministry spokesman and since last July has been deputy foreign minister.

From 1959, Dobrovsky worked for Czechoslovak radio, in 1967-1968 as its correspondent in Moscow. After the Soviet invasion of Czechoslovakia in 1968 he was expelled from the Communist Party. He was then employed only in manual jobs.

In 1949, Dobrovsky was expelled from a military secondary school because he would be unacceptable as an army officer after the 1948 Communist takeover. He graduated from the philosophical faculty of Charles University as a linguist in 1960.

Former defence minister, Army General Miroslav Vacek was dismissed by Czechoslovak president, supreme commander of the armed forces Vaclav Havel yesterday.

Presidential spokesman Michael Zantovsky said today that the president had considered appointing a civilian for some time. His decision to recall Vacek from the post was made after he obtained the findings of a commission into Army activities in November 1989, which proved that some units of the Army were to be used to suppress public protests against the communist regime.

The commission's report, released today, indicated that Vacek, deputy defence minister and chief of the general staff at that time, acted in line with orders under which Army was to be used against civilians.

At the same time, the Army Command and General Vacek were given credit for the fact that the Army was not used against people in the dramatic days in which the collapsing communist regime lost power at the end of last year. Vacek became defence minister in the first government of national understanding on December 3.

President Havel consulted his intention to appoint a civilian to the post with other politicians, including General Vacek, and Vacek fully supported this decision. Miroslav Vacek is retiring.

Havel Introduces Dobrovsky to Army

LD1810220390 Prague Domestic Service in Czech 2000 GMT 18 Oct 90

[Text] Vaclav Havel, president of the Republic and supreme commander of the Czechoslovak Armed Forces, introduced the new Defense Minister Lubos Dobrovsky to the Czechoslovak Army command in Prague today. Also present was Federal Premier Marian Calfa, General Miroslav Vacek, and other officials.

Vaclav Havel pointed out in a speech that we had known for a long time that the post of minister of defense should be occupied by a civilian. This change was not an expression of disappointment with the work of Army General Miroslav Vacek as minister of defense. Vaclav Havel went on to stress that during Miroslav Vacek's tenure, the extensive changes awaiting our Army had begun. He had executed all commands very loyally, and therefore the fact that he had been recalled was not an act of lack of confidence in him personally but an expression of the political necessity of the time. Vaclav Havel also highlighted the importance of the Czechoslovak Army, noting that a new doctrine and organization for it are in preparation.

Minister of Defense Lubosw Dobrovsky then thanked General Vacek for the work he had carried out as minister of defense for the stabilization and renewal of the Army. He also dealt in detail with the tasks facing our Army.

In his first order, Lubos Dobrovsky temporarily banned the activity of the Free Legion with immediate effect through out the Czechoslovak Army until its activities have been investigated by the Office for the Protection of the Constitution and Democracy.

Minister Comments on First Tasks

LD1810221990 Prague Domestic Service in Czech 2100 GMT 18 Oct 90

[Interview with CSFR Defense Minister Lubos Dobrovsky, by editor Lubomir Zumar in Prague on 18 October—live or recorded]

[Text] [Zumar] What will be your first steps as minister of defense?

[Dobrovsky] My first steps will be to acquaint myself with the situation in the Army, to get to know everything that has been done, and to find out what has still not been done. I will consult with the commanding officers of our Army and the political representatives. I would like to meet the deputies of the Federal Assembly and above all the members of the Security and Defense Committee, to consult with them on my ideas for further development of the Army. I would like to consult and define more closely the further development of our Army also with the government. The moment is coming near when we shall also have to discuss the Army budget. We shall probably have to overcome certain obstacles there too. I have certain ideas on how to overcome them. I have certain ideas on how to reinforce the principles of training the Army. Only time will tell.

Dobrovsky on 'Civilian Approach'

LD1810225690 Prague Television Service in Czech 1830 GMT 18 Oct 90

[Interview granted by Defense Minister Lubos Dobrovsky to unidentified correspondent; place and date not given—live or recorded]

[Text] [Correspondent] After many years we have a civilian defense minister. Does it mean that you will be promoting civilian approaches to the management and the life of the Army?

[Dobrovsky] I do not quite understand what you mean by a civilian approach to the life and the management of the Army. I would like to see that we succeed in defining this civilian management of the Army as a basically political management in which military affairs are entrusted—within the framework of this political definition of targets of the existence of our Army—to experts, officials. In this sense I can answer your question positively. I can, however, see that the expectation that the Army will now become a discussion club, that it will be democratized somehow from within, will most likely not be fulfilled. I see the democratic Army as being an army which in all its activities is subordinate to democratic institutions, to their control, but the internal life of the Army managed as a perfectly structured organism, like everywhere in the world in the army, and following the law of command.

New Minister Discusses Army Goals

LD1910101490 Prague Domestic Service in Czech 0816 GMT 19 Oct 90

[Interview with new CSFR Defense Minister Lubos Dobrovsky, by Lobomir Zumar on 18 October; place not given; recorded—Zumar speaks in Slovak throughout]

[Excerpt] [Zumar] What are your feelings as you accept the appointment to the post of minister of defense?

[Dobrovsky] They are feelings of the highest responsibility so far experienced in my life. I have never experienced such responsibility as I do now. This is a very important decision. This is a decision which will determine the fate of the Czechoslovak Army, its future stability, and its future development. You are well aware of the many attacks waged on the Czechoslovak Army recently from varied directions, for varied reasons, and for varied motives. The Army has deserved much of this, but much of this is unnecessary. We will have to jointly analyze everything. Mainly we will have to eradicate the problems which are due to the fact that the Army has so far not been fulfilling all the tasks it should. The problems also ensue from the fact that the definition of the Army is based on absolutely erroneous traditions. We will have to go back to some very important and very positive combat traditions of the Czechoslovak Army, first and foremost those from the period between the two wars. This is a tradition of heroism. The claim that the Czechoslovak Army has failed in the era of Munich is untrue. It is the political leadership which failed. The Army was well prepared. This is proved not only by the speed and resolve in which it carried out mobilization at that time, but is documented with the same clarity, or perhaps with even more pronounced clarity, by the fact that thousands of officers, career soldiers, and reservists were departing abroad in both on organized and unorganized way in order to establish combat units there which fought later on all fronts during World War II. This is an enormous tradition; this is a tradition of great resolve to defend democracy. We should return to this tradition. I think that the path toward renewing confidence in the Army will lead along these lines. At least, it will be one of the paths toward renewing confidence in the Army.

[Zumar] Mr. Minister, what is your personal attitude about your predecessor, Army General Miroslav Vacek?

[Dobrovsky] I stated my feelings just now at the assembly of the commanders of Czechoslovak Army. I regard General Vacek as a man who, on the highest professional level, has done a great deal of work for the stabilization of the Czechoslovak Army during a very complicated and very difficult period. I feel that the political reasons for our complex political situation had to lead to the fact that General Vacek had to leave his post as CSFR defense minister. I would like to see his experience and his military qualification be utilized in the interests of our Army. [passage omitted]

Federal Government Briefed on Defense Post

LD1810145390 Prague Domestic Service in Czech 1130 GMT 18 Oct 90

[Text] Federal Premier Marian Calfa briefed the Federal Government at its session in Prague today on the personnel change in the minister of defense post.

The government has approved draft principles on the management of the Czechoslovak State Railways, the first stage of which will be implemented from January. The state will participate contractually in the financing of specific projects agreed on in the infrastructure of railways. The transport itself will be based on commercial enterprise principles. In justified cases, the state will grant compensation to railways.

The government has also discussed the draft bill on the control of some types of goods and technologies. The adoption of the bill will enable the import of top technology which has been embargoed until now.

Commission Investigates 1989 Army Activities

Accuses Vacek of Planning To Use Army

LD1810101690 Prague CTK in English 0838 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—A Czechoslovak Army colonel accused former Defence Minister Miroslav Vacek, dismissed yesterday, of being involved in an order to use the Czechoslovak Army against demonstrators in November 1989 in an article carried by today's Civic Forum daily "OBCANSKY DENIK."

Zbynek Cerovsky, a reservist and Charter 77 signatory, gave a brief account of the course of the "normalization" of the Czechoslovak Army in 1968-90. He said "the Czechoslovak Communist Party Central Committee decided to use the Czechoslovak Army in the November days of 1989 in an operation codenamed 'Action'. It is certain that an order had been worked out by the General Staff led by General Vacek. The fact that politically unreliable soldiers, and in particular the graduates of military departments of universities, had been excluded from the special-purpose units proves the goals and intentions for which they were to have been used.

Cerovsky said there had been a directive in the Army "to deploy and use the army against anti-socialist and antisocial forces", adding that it was put into practice during the first anniversary of the Soviet-led invasion of Czechoslovakia on August 21, 1969.

Cerovsky further said the Army was also prepared for action against Poland and to suppress the Solidarity movement. "The Fourth Army with the chief of staff, the present defence minister, had been singled out for the action, which is being denied, including the awards which General Vacek received for the successful preparation of this operation," Cerovsky stated.

Spokesman Comments on Army Use

LD1810140890 Prague CTK in English 1329 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—General Miroslav Vacek, in his capacity of the Czechoslovak People's Army General Staff chief in November 1989, observed instructions aimed at using the Army against people, presidential spokesman Michael Zantovsky said today.

In reference to the conclusions of the presidential commission inquiring into Army activities in November 1989, he told a press conference here that the results do not cast doubt on activities of General Vacek in his post of defence minister and that the Army was a stabilizing not a destructive phenomenon in society during his tenure.

Federal Parliament Deputy Vojtech Deyl, the chairman of the commission, added that it was proved that the Army prepared to single out some force and equipment for suppressing mass demonstrations.

Speaking about the dismissal of Defence Minister Army General Miroslav Vacek, presidential adviser for domestic political affairs Jiri Krizan said that the "decision on the recalling of General Vacek is a political one."

General Vacek was recalled from his post by Czechoslovak President Vaclav Havel on October 17 after having been ten months in office.

Quoting Vaclav Havel's stand on the dismissal, his press secretary Michael Zantovsky said that the president made up his mind to dismiss Vacek from his post after he got acquainted with the conclusions of the president's commission investigating activities of the Czechoslovak People's Army in November 1989. Although they prove that in November 1989 Vacek, in his capacity of the General Staff chief, observed orders and instructions aimed at using the Army against civilians. The Army was not used thanks to the Army's leadership and General Vacek. "The president's decision was a result of his intention to fill the post of Czechoslovak defence minister with a civilian. He made this decision earlier and consulted it with many politicians, including General Vacek, who fully supported it. The appointment of a civilian will be a logical continuation of the process of restructuring of the Czechoslovak Army into an organization focused entirely on meeting the needs of external defence of the state, the process which General Vacek, a soldier obeying orders under any circumstances, helped start," Michael Zantovskiy quoted the president's statement.

Krizan and Zantovsky spoke positively about Miroslav Vacek's activities in the capacity of defence minister. Zantovsky said it was General Vacek who contributed towards making the Army a state-forming, not a destructive factor.

Krizan said he expected a new minister to be appointed today, adding that he was convinced that the president knows exactly who it should be.

Krizan gave an affirmative answer to the question whether President Havel, in filling the post of defence minister with a civilian, takes into account the traditional aversion by higher Army officers to any civilians who attempt to speak about military affairs. According to Krizan, the new defence minister will be a person with authority both in the Army and society. He said that civilians are defence ministers in practically all democratic countries. The appointment of a civilian to the post of defence minister is one of the main reasons for Vacek's dismissal and is linked with changes in the activities of the Czechoslovak Army.

Krizan said that Miroslav Vacek will retire as he reached retirement age two months ago.

Spokesman Says Work 'Hampered'

LD1810160990 Prague Domestic Service in Czech 1430 GMT 18 Oct 90

[Text] Michael Zantovsky, the president's spokesman, speaking at a press conference in Prague today conveyed Vaclav Havel's stand on the recall of Miroslav Vacek from the post of minister of defense. The conclusions drawn by the Commission of the President of the Republic investigating last November's activities of the Army prove that General Vacek as the then chief of General Staff of the Czechoslovak People's Army complied with orders aiming to use the Army against the population. It emerges from the commission's report that the army was preparing to earmark certain forces and means to suppress mass demonstrations by the population.

The commission's work has been hampered considerably by the destruction of military documents ordered by Lieutenant Colonel Anton Slimak, [the present] chief of General Staff of the Czechoslovak Army.

According to [presidential adviser] Jiri Krizan, General Vacek is to retire.

Publishes Findings on Police Action

LD1810175290 Prague CTK in English 1515 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—Selected units of the Czechoslovak Army were prepared in November 1989 to suppress nation-wide demonstrations of Czechoslovak citizens who expressed their discontent with the ruling communist regime.

This is the conclusion reached by the commission of the Czechoslovak president investigating Czechoslovak Army activities in November 1989. The commission, which worked since September 18, 1990, published its report today.

Nation-wide protests broke out in Czechoslovakia after a brutal police action against a student demonstration in Prague on November 17. They called for democracy and an end to the Communist Party monopoly of power.

The commission reached the conclusion that between November 17 and 24, the Army Command made preparations for an action against the demonstrators in harmony with laws valid at that time, under which the Army together with the police and the people's militias (armed units of the Communist Party between 1948-1989) were to suppress public protests if necessary. Special units of the Army were singled out for this task. "No emergency measures were declared throughout that time which means that the Army took its own initiative in this case," the report said noting lack of coordination between the political leadership and the Army command in November 1989.

Due to a reshuffle in the Communist Party Central Committee on November 24, and especially to the fact that "supporters of use of force in the Central Committee did not find sufficient backing and that proposals of (the then) Defence Minister Milan Vaclavik did not meet with response," the Communist Party leadership eventually did not give instructions to the Army to act.

"Incompetence and disintegration of the top Communist Party body, enhanced by inaction of the national security corps and paralysis of the people's militias' ability to act, dissuaded the then Army Command from its idea to solve the situation by using force or at least to influence the course of events by a threat of armed force," the report said.

The report noted that present chief of the General Staff of the Czechoslovak Army, First Deputy Defence Minister Lieutenant-General Anton Slimak ordered on March 28, 1990 that all documents of the Army related to its activities in November 1989 be destroyed.

Announces Conclusions at Briefing

LD1810185190 Prague Domestic Service in Czech 1428 GMT 18 Oct 90

[Excerpts] [Announcer] A press conference on the conclusions of the work of the president's commission investigating the activity of the Czechoslovak Army in November last year was held in the new Prague Castle press center this morning. Lubomir Zumar was present. I now welcome him in the studio. Good afternoon.

[Zumar] Good afternoon.

[Announcer] I will first ask the question which is the most frequently discussed today. Is there a link between yesterday's recall by the president of Army General Miroslav Vacek from the post of defense minister and the conclusions of the investigation commission?

[Zumar] One could say that this is the case, although the whole problem is broader, and the work of the commission is not solely connected with the activity of Army General Vacek. [passage omitted]

[Announcer] You have alreay given us a taste of various things, but what were the concrete conclusions reached by the commission?

[Zumar] The commission's chairman, Mr. Vojtech Deyl, said that the objective was to find out whether the Army was preparing in November last year to allocate forces and equipment for intervention against the population in order to reinstate peace and order. Speaking on this topic he said:

[Begin Deyl recording] First: From the beginning to the end of the CPCZ [Czechoslovak Communist Party] power monopoly, the Czechoslovak People's Army was formed as an instrument of its external and internal policy. The possibility of using the Army against the population was embodied in the legal code of that time. Therefore, on the basis of cadres policy, and on the organizational and technical bases, the Army was being systematically trained—and it was trained—to fulfill its internal function of suppression.

Second: In connection with the authorized students' demonstration on 17 November 1989, neither the political leadership of the country, nor the Czechoslovak People's Army Command was prepared for the use of the allocated forces and equipment.

Third: Shortly after 18 November 1989, the Army Command took up a united stance. It condemned the population's protest movement, it voiced its support for the then political system, and declared its readiness to protect this system. Not a single case is known of an Army unit or Army detachment giving their backing to the public protests or condeming the police intervention in National Street.

Fourth: The Czechoslovak People's Army Command issued orders to inspect the preparedness of allocated forces and equipment, and organized an operative command of these forces. These measures were adopted at the initiative of the Czechoslovak People's Army Command without advance announcement of the degree of extraordinary security measures by the federal minister of the interior. From 1600 on 24 November 1989, the allocated forces and equipment of the Czechoslovak People's Army were demonstrably prepared to immediately carry out the planned tasks.

Five: The responsibility for the orders issued with regard to the inspection of preparedness of the forces and equipment, which were allocated for extraordinary security measures, rests with the former Army command and with the main political administration. A certain degree of political responsibility is borne also by all participants of the assembly of commanders of the minister of national defense, held on 23 November 1989. This meeting formed and unified the stances which were made more specific in the statement of the leading officials of the Czechoslovak People's Army, which motivated the aforementioned practical measures.

Six: At the extraordinary session of the CPCZ Central Committee Plenum held on 24 November 1989, the then minister of national defense, General Vaclavik, delivered a proposal to put the Army, the security corps, and people's militias on combat alert. However, in the atmosphere of crisis of views in the CPCZ Central Committee at that time, this initiative did not meet with support.

Seven: After the 24 November 1989 plenary session of the CPCZ Central Committee, and after further decomposition of political leadership, the Czechoslovak People's Army received no instructions for deployment, and no appropriate orders were issued. [end recording]

[Zumar] I would like to add that the final report of the commission has a total of 105 pages, and that its basic draft was handed to CTK today.

As far as discussion is concerned, questions were voiced about the role of the chief of general staff in destroying the documents from November last year, and about whether the departure of the defense minister will influence the credibility of our republic on the international arena. The questions of newsmen also concerned the work and activity of the members of Free Legions and the so-called coded messages, which were supposed to have fundamentally influenced the work of the commission. This is what Mr. Deyl said on this topic:

[Begin Deyl recording] It is true that a representative of Free Legions came to us, to our commission, on Friday, and handed us certain documents, the coded documents. But we have another hundred similar coded documents, and it should be said quite unequivocally that we hold in esteem each person who granted information to us, and we therefore welcomed the Free Legions also handing us documents. However, these documents did not yield any new fundamental findings. They did not bring anything which, in a fundamental way—in a fundamental way—would enrich or transform that which was known beforehand. [end recording]

[Zumar] In conclusion I would like to voice the conviction of presidential advisor Mr. Krizan that the new minister of defense should become known today, and that he should be a civilian, enjoying general trust, both in the Army and in society.

Three Policemen Sentenced for Nov 17 Brutality

AU1810153890 Prague CTK in English 1725 GMT 16 Oct 90

[Text] Prague Oct 16 (CTK)—A former major, a lieutenant-colonel and a noncommissioned officer of the National Security Force were sentenced today for brutal attacks on demonstrators in Prague last November 17.

One of the men, noncommissioned Officer Milos Radimecky, was sentenced to 18 months imprisonment for driving demonstrators out of their hiding in houses and brutally hitting them on the head with his truncheon.

Former Major Petr Sestak and former Lieutenant-Colonel Milan Koci received suspended sentences of two years imprisonment on two years probation. Koci hit an unidentified foreign photographer, intentionally destroyed his camera and tore his accreditation.

The men were members of a special task force of the Public Security Troops, known as "red berets." Their deployment against a student demonstration and brutalities committed in central Prague touched off a wave of nation-wide protests which led to the fall of the communist regime in Czechoslovakia at the end of last year.

Although criminal proceedings have been started against 16 men involved in the action, they are considered to be "small fish." A parliamentary commission, a second one, has been set up in the last few weeks to investigate much that remains unexplained about the events that led to the police action against demonstrating students. One theory is that the massacre in which dozens of people were injured was organized by a group in the State Security Force to give an impulse for a replacement of the incompetent Communist Party leadership.

Press on New Inquiry Into Events

AU1910102990

[Editorial Report] Prague RUDE PRAVO in Czech on 17 October on pages 1 and 2 carries a 700-word interview with Jiri Ruml, chairman of the parliamentary commission investigating the events of 17 November 1989, by Nada Adamickova entitled "No Previous Commission Has Had Such Powers." Prague LIDOVE NOVINY in Czech on 17 October on page 4 carries a 400-word "jas"-signed report entitled "Focus on Zifcak." Both items deal with the work of the newly established parliamentary body of inquiry into the events of 17 November 1989, which held its first session on 15 October.

In the RUDE PRAVO interview, the place and date of which are not given, Ruml explains that, unlike the previous parliamentary commission, which only "supervised" investigations of the 17 November events, the new commission will—after parliament delegates the necessary powers to it—be authorized to investigate itself. Its work should therefore be "better and more profound" than that of its predecessor. Moreover, members of the commission will have access to archive material, including that of the Communist Party of Czechoslovakia, and testimonies before the commission will be subjected to penal law provisions on perjury. Ruml also admits that the work of the previous commission (which has been criticized for having obfuscated the investigations) "may have been influenced" by the fact that some of its members later turned out to be StB [secret police] collaborators. The commission's "infiltration" by StB collaborators is now ruled out because all its members had to sign an affidavit that they never collaborated with the StB and because this has been verified by the "appropriate bodies."

The LIDOVE NOVINY report deals with the 16 October session of the parliamentary commission. It mentions that the commission has been subdivided into four groups—the first is an "analytical" one; the second will deal with the role of the StB, KGB, and the Communist Party of Czechoslovakia; the third will try to clarify the course of the 17 November demonstration; and the fourth will examine the role of the Federal Ministry of Interior and the Army in the events. According to the report, current investigations focus on the testimony by StB officer Zifcak, whose task—according to his own testimony—was to lead the demonstration into police encirclement and to play the role of a "dead student." A confirmation of the veracity of this testimony would prove, the LIDOVE NOVINY report says, that the 17 November events had been organized by the StB.

Slovakia Unhappy With 'Promotion' of Klaus

AU1810184690 Bratislava NARODNA OBRODA in Slovak 16 Oct 90 p 3

[Igor Cibula commentary: "The Strongest Man of Calfa's Government Has Not Been Favorably Inclined Toward Slovak Initiatives"]

[Text] Vaclav Klaus, the minister of finance, has become the strongest man of Calfa's government this weekend. In defiance of his reputation as a man of conflict, the delegates to Saturday's [13 October] Civic Forum [OF] Assembly considered this "ladies' favorite" to be the most suitable person for the position of the OF chairman to integrate the potential of this civic movement and transform it into a political party. Given his own ideas about a radical economic reform and the clear support which he gets from the OF's so-called democratic right, which presented its views to the public last week, there can no longer be any doubt about his right-of-center political profile.

Cognoscenti of the Prague political scene regard the election of Klaus to the head of the OF to be comparable in significance to the parliamentary elections or the election of the president of the republic. For Jiri Hanak from LIDOVE NOVINY, the election of Vaclav Klaus is a defeat for Czech Premier Petr Pithart, a failure of the "Castle's" idea of the OF, and a defeat for forces with "socialist leanings" in this movement. On a different plane, his election appears to be a victory for the district and local OF structures over the "paid bureaucrats in the OF Coordinating Center," as Klaus himself christened the OF's leadership heretofore.

The nomination of Klaus into a "party" post could signify the weakening of the position of Deputy Federal Premier Pavel Rychetsky, another candidate for the post of OF chairman. Until the election of Klaus, Rychetsky was considered to be the strongest member of the cabinet in OF's leadership. Now these two members of Calfa's cabinet could form a strong power tandem, which could shove the premier aside to the role of a ministerial administrator. Yet we must also ponder to what extent this tandem is internally homogeneous, especially when we consider the fact that Deputy Premier Rychetsky is closer to the president than his cabinet colleague Klaus.

The new OF chairman is also known for never having shown much understanding for Slovak initiatives concerning the constitutional arrangement of relations between the Czech and Slovak Republics. His integrationist concept of the Czechoslovak economy exceeds the competence of the national governments which, according to this concept, should derive their autonomy from the federal center. For this reason, Klaus's political "promotion" can potentially complicate the process of Czech-Slovak balance based on the philosophy of the meeting of Trencianske Teplice.

The voices of mistrust which some delegates to Saturday's OF Assembly addressed to Czech Premier Petr Pithart are not a good sign in this respect. Slovakia supports Petr Pithart as a representative of realistic counterbalance to federalist centralism, which is supported by both Calfa's Deputy Premier Rychetsky and the new OF chairman.

Federal Assembly Prepares for 7th Joint Session

AU1910103390 Prague LIDOVE NOVINY in Czech 17 Oct 90 pp 1, 2

[Unattributed report: "Federal Assembly Presidium Session; Draft Laws on Time"]

[Text] Prague—The announcement by the president of the Republic that, in accordance with the Federal Assembly resolution No. 39 of 20 September 1990, he intends to send to Saudi Arabia a group of soldiers and volunteers who would carry out task of a humane nature was acknowledged yesterday by the CSFR Federal Assembly Presidium. The deputies will be informed of this standpoint at the joint session of both chambers.

On Tuesday [16 October] at its seventh session, the Presidium chaired by Alexander Dubcek, chairman of the Federal Assembly, dealt also with the preparations for the seventh joint session of both chambers which will take place on 23-25 October 1990. It expressed its agreement with the Federal Assembly legislative program to the end of 1990, which includes a discussion of almost 50 bills. Presidium members emphasized that keeping to this demanding schedule will mean almost continuous sessions of parliamentary committees and depends on timely submissions of the bills on the part of the CSFR Government as agreed. The Presidium declared that, according to Article 49, Section 3 of the Law 47/1990 as of 12 October 1990, it appoints to the deputy mandates vacated by Veronika Baculakova and Frantisek Surovy Deputies Daniel Vince (West Slovakia, Egyutteles) and Ondrej Tomas (Central Slovakia, Egyutteles).

New Central Secretary of Democratic Party Named

AU1810124990 Bratislava NARODNA OBRODA in Slovak 15 Oct 90 p 1

[CTK report: "According to Local Conditions"]

[Text] Banska Bystrica—The Executive Committee of the Democratic Party [elected at the Democratic Party Congress on 29 and 30 September] held its first, constituent meeting in Banska Bystrica on Saturday [13 October]. It confirmed the appointment of Peter Misik as central secretary and acknowledged the formation of consultative committees of the Democratic Party chairman. In connection with the upcoming communal elections, the Executive Committee noted that representatives of district organizations prefer the party's own course of action, while taking account of specific local and regional conditions under which primary organizations of the Democratic Party operate. The Executive Committee also approved a Democratic Party statement on the enactment of the Slovak language and a policy statement.

People's Party Chairman Cited on Electoral Policy

AU1810185190 Prague MLADA FRONTA DNES in Czech 16 Oct 90 p 3

[Interview with Engineer Josef Lux, chairman of the Czechoslovak People's Party (CSL), by Martin Cap and Tomas Marek, MLADA FRONTA DNES correspondents; place and date not given: "The Need for a Strong Right Wing"]

[Excerpts] [passage omitted] [MLADA FRONTA] Your electoral policy referred to the need for a strong right-wing party of a Christian-Democratic type. Do you yourself not feel, however, that so far, at least in Bohemia, the features of the Christian and Democratic Union remain rather obfuscated?

[Lux] A certain pressure was created, and the party lived by its internal problems and defenses instead of preparing a positive program. To what extent we will be able to act as one of the state stabilizing factors depends also on the elbow room left us by our—I do not want to say adversaries, so—friends.

[MLADA FRONTA] Does not each party have to make its own room? After all, nobody will hand it out.

[Lux] You misunderstood. As soon as the Christian and Democratic Union was formed—i.e., after the cooperation was agreed upon between us, Vaclav Benda's Christian Democratic Party and the Christian Democratic Movement in Slovakia—a frontal attack against it ensued. [passage omitted]

[MLADA FRONTA] Recently, a joint statement of the Christian Democratic Party and the Liberal Democratic Party was published, in which Vaclav Benda and

Emanuel Mandler announce a kind of a "small alliance." How do you assess this act?

[Lux] In the near future a certain Christian Democratic bloc must be formed in Czechoslovakia, which will go beyond the party framework. It will be necessitated by the economic and social reality. It may be not only a Christian Democratic bloc but a generally right-wing one. The necessity of unification of the right-wing currents is felt generally and acutely. [passage omitted]

[MLADA FRONTA] MLADA DEMOKRACIE, one of the papers currently distributed by the CSL, and which is a samizdat publication, considers the outcome of your extraordinary congress to be a Castle victory. In addition, it sharply attacks Richard Sacher. What is your opinion?

[Lux] I do not agree with everything they say. I think that we will have to deal with the situation soon. [passage omitted]

Public Polls Indicate Social Democrats Gain

LD1810215190 Prague CTK in English 1813 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—Chairman of the Czechoslovak Social Democratic Party (CSSD) Jiri Horak told journalists here today that according to public opinion polls, his party would now gain eight percent of votes, i.e. twice as many as in the June 9 parliamentary elections when the five percent limit barred it from representation in Czechoslovak parliament.

Having a membership of 13,000 in 600 local organizations, the party is running its candidates for the November 23-24 local elections in almost all regions, whether as an independent force or in a coalition with other democratic forces and parties, Jiri Horak said.

According to him, the party endorses the policy of transition to a market economy in which the state fulfills its duties towards the citizens in the social sphere either directly or through relevant institutions. But the party espouses neither the liberal market system concept as it is presented by Czechoslovak Finance Minister Vaclav Klaus nor the struggle against capitalism coined by Jiri Machalik, until recently chairman of the Communist Party of Bohemia and Moravia.

Assessing the activity of the Czechoslovak Government, the party's deputy chairman Jaroslav Tuma said that it should be called a "government of national surprise" as it is permanently surprised and permanently surprises the population, rather than a "government of national sacrifice" as it was dubbed by Czechoslovak President Vaclav Havel when he formed it in July.

Mohorita Contacts Calfa on Property Issue

LD1710182190 Prague Domestic Service in Czech 1730 GMT 17 Oct 90

[Text] The draft constitutional bill on the return of CPCZ [Czechoslovak Communist Party] property to the people is, according to Vasil Mohorita, first secretary of the CPCZ Central Committee, in variance with the Constitution. This emerges from the letter he sent today to Federal Premier Marian Calfa.

Jiri Svoboda, chairman of the Communist Party of Bohemia and Moravia, in a letter addressed to President Vaclav Havel, suggests that political parties meet for roundtable talks to discuss the issue.

The Executive Committee of the CPCZ Central Committee also informed Communist, Social-Democratic, Socialist, and other political parties about the draft bill on the expropriation of communist property. It asks them to express their solidarity in this issue, which, according to communist leaders, is important for the future of Europe.

Ministry Official Interviewed on Privatization

AU1910092290 Prague SVOBODNE SLOVO in Czech 13 Oct 90 pp 1, 4

[Interview with Dusan Triska, CSFR first deputy minister of finance, by Olga Skalkova and Martin Denemark, SVOBODNE SLOVO correspondents; place and date not given: "A Sketch of the Giant Step"—first paragraph is SVOBODNE SLOVO introduction]

[Text] "What would surprise us the most? If people did not show interest in purchasing shares of enterprises for coupons. That would be a fiasco for the government privatization policy....," says Dr. Engineer Dusan Triska, first federal deputy minister of finance and one of members of the brains trust which works on the large-privatization project. An Institute of Public Opinion Research survey indicated that the public's knowledge of the methods of the proposed transformation of state property to the ownership of physical persons is minimal.

[Triska] That is nothing new because so far only certain options were formulated on this topic. These are ideas on how the large privatization should look. Great and dramatic debates are taking place on what will be included, what methods will be applied, and how fast one should proceed. Approximately a month ago, the parliament decided that coupons may be one of the fundamental means. Another key juncture will be 15 October. Minister Vaclav Klaus in cooperation with the national ministers will submit to the government the bill on large privatization.

[SVOBODNE SLOVO] Hence, we can only speak about your views. What of the present version of the bill do you expect to find in the final law?

[Triska] Two principal ideas on which everybody agrees. The properties which are managed by state enterprises will be privatized. The large privatization assumes also a large amount of compensation in response to the demands by former owners. It is still to be decided how far one will go in making good the injustices of the past. There is a consensus that the state will return assets nationalized after 25 February 1948 and that the owners will be reimbursed in the form of government stock.

[SVOBODNE SLOVO] The main role in the small privatization is to be played by money, in the large privatization by investment coupons. Why did you decide on the coupons?

[Triska] There is relatively little money among the people. A sale of the property at its real value could have taken perhaps hundreds of years.

[SVOBODNE SLOVO] Opponents reproach you for giving away state property with the aid of coupons....

[Triska] There is no other fast way to build up a strong private sector. We expect that by using the coupons it is possible to transfer the visible part of state property to private hands within a half to one year period. Moreover, the remaining state enterprises will realize that the same fate awaits them and they will become interested in their own prosperity.

[SVOBODNE SLOVO] So, the large privatization will not be a single action?

[Triska] It will have several stages. The first round might take place already in March. We want to include in it a large number of companies, let us say one thousand. However, organizations not wishing to await their turn may, according to the transformation law, privatize at any time.

[SVOBODNE SLOVO] How will the coupons be distributed?

[Triska] Every citizen will have the right to the same number. They will be distributed as many times as there are privatization stages. You might read the coupon like a Lotto ticket. They will be sold in tobacco shops at the price of the paper on which they are printed. They must be validated at a specified office, it may be a notary public, where you buy a duty stamp and the coupon will be registered to your name. It will be valid only in one round of privatization, apparently for the period of three months.

[SVOBODNE SLOVO] How much will the duty stamp cost?

[Triska] That will be decided by the government. We are suggesting the cost of the duty stamps for the basic investment coupons to be set at approximately 1000 korunas.

[SVOBODNE SLOVO] You mentioned basic coupons. Are there going to be several kinds?

[Triska] We arrived at the opinion that it would be expedient. I color-coded them for myself in the preparation process. All of us will, upon the purchase of the duty stamp, receive the basic, white ones at a cost that may be considered a token price, because the value thereby obtained will be much higher. Those interested might buy more expensive red coupons. The most expensive will be green coupons which will probably be offered also to interested foreigners. It is simple; should someone want more coupons than are due to him as a citizen of this state, he will have to pay....

[SVOBODNE SLOVO] What can one get for one's coupons?

[Triska] We will get the same thing for all three kinds of coupons—shares of an enterprise we ourselves choose. All kinds of coupons will have the same value despite the different purchase price. We chose the white coupons in order to ensure a just distribution of a part of the state property to all interested citizens. I believe that anybody can invest a thousand korunas. The red and green coupons will make further stock purchases possible to those citizens who have decided to invest their savings precisely in this manner. We are even considering the possibility of issuing the coupons on credit.

[SVOBODNE SLOVO] Will the coupons be transferable?

[Triska] The coupons will be registered to a name, and the owner is not permitted to sell them. However, that is not the case with the shares obtained for these coupons. That will be an ordinary commodity as is usual in the market economy.

[SVOBODNE SLOVO] Most people, however, will hesitate with the stock purchase, because they will not be able to differentiate which enterprises have a chance of prospering and, thereby, to bring profit to the stockholder....

[Triska] The insecurity of investment will be great. This is signalled also by foreign investors. It is general practice in the west that companies selling shares publish so-called prospectuses—they are quite detailed statements describing the company and its economy. Czechoslovak enterprises will also have to prepare such data sheets.

[SVOBODNE SLOVO] What if there is no interest in a particular company?

[Triska] That is very unlikely. Nonetheless, should that happen, all shares will remain state property. We can offer them in the next privatization round or perhaps abroad. At the same time, it should be a signal to the company that it should catch its breath and become more convincing regarding its prospects.

[SVOBODNE SLOVO] How large a share of state property do you intend to distribute using the coupons?

[Triska] That is not decided as yet. It will be a part of each company, I would give a theoretical estimate of 40 percent shares. A part of the stock will be offered to foreign investors and we also have to reckon with the shares for settling with the former owners. People who were once deprived of property, which is not included in the small restitution law, will get the opportunity to select as compensation shares of a company of their choice. That certainly will be advantageous for them as they will be able to choose even the most flourishing companies.

[SVOBODNE SLOVO] Your critics are ironically comparing the coupon method to the attempt at saving the Cuban economy by a free distribution among the citizens. What is your view on that?

[Triska] I did not know that this was to take place in Cuba. If it did so, however, it actually might save the Cuban economy. If Castro distributed property among the people, he would create an opposition against himself. The state would cease to be the monopoly owner and employer whom everybody fears. Private property is not only the best way to prosperity but also the best protection against a revival of totalitarianism. That is precisely why we want to conduct the large privatization as rapidly as possible.

Private Entrepreneuers Present Demands, Ideas

AU1810222790

[Editorial Report] Several Czech newspapers of 17 October publish correspondents' reports on a news conference with Rudolf Baranek, chairman of the Association of Czechoslovak Entrepreneurs [SCP]," held in Prague on 16 October.

Prague HOSPODARSKE NOVINY in Czech on 17 October on page 1 carries a 400-word "sta"-signed report on the news conference entitled "For the Interests of Entrepreneurs." The report mentions that a total of 160,000 private entrepreneurs were registered in the Czech Republic on 1 September 1990, 103,000 of whom were SCP members. According to the report, the SCP demands the accelerated privatization of wholesale enterprises because the current "mafia of 2,000 to 3,000 people" dominating the distribution network "could otherwise starve out small entrepreneurs." The SCP expects the process of privatization to result in the creation of 400,000 new jobs in the Czech Republic and it also believes that private businesses, particularly services, are in for a "boom that will last at least 10 years."

The SCP also believes that the "Jednota" cooperative retailing organization and other cooperatives, which are not subject of the upcoming "small privatization," should be privatized because they were established on the basis of confiscated property.

Prague MLADA FRONTA DNES in Czech on 17 October on pages 1 and 2 carries a 300-word "zj"-signed report on the above news conference. The report quotes SCP representatives as saying that, according to data which they received from the General Prosecutor's Office, "there are about 50,000 persons in our country who avail themselves of capital in excess of 10 million korunas."

Prague SVOBODNE SLOVO in Czech on 17 October on page 4 carries a 500-word "ska"-signed report on the Prague news conference. According to this report, the SCP protests against plans to include the price of inventories in the starting price at the upcoming auctions of to-be-privatized shops. The entrepreneurs' organization fears that this could "completely sabotage the entire small privatization. It is not a problem for a shop manager to order a large amount of unsalable goods two weeks before the auction is due and thereby create inventories that could completely 'stifle' the auction. This is the easiest way for the retailing mafia to cut off potential buyers." According to Baranek, the SCP also proposes that the start of small privatization be delayed until January 1991.

Reasons, Repercussions of Devaluation Discussed

AU1810131590

[Editorial Report] Prague RUDE PRAVO and Prague MLADA FRONTA DNES in Czech on 16 October publish several items dealing with the reasons for the CSFR Government's decision to lower the exchange rate of the Czechoslovak koruna more than 50 percent as of 15 October and with the repercussions of this measure.

On 16 October, on page 1, under the headline "State Without Hard Currency?; Substantial Limitations of Our Purchases Abroad," RUDE PRAVO carries the following announcement by the Czechoslovak State Bank: "In connection with the decision of the CSFR Government Presidium to lower the exchange rate of the Czechoslovak koruna for commercial and noncommercial payments to 24 korunas for $1, the chairman of the Czechoslovak State Bank decided with immediate validity:

"1. Not to permit the premature repayment of foreign suppliers' credits and other forms of foreign financing and to reject payments, as well as transfer of payments, for these supplies before these payments are due.

"2. To limit the maximum volume of advance payment to 15 percent of the value of individual commercial transactions.

"3. As regards contracts for imports of investment nature, to make binding use of the following terms of credit repayment:

Imports Worth Up to 1 Million Korunas	Prompt Repayment
Imports Worth Between 1 and 2 Million Korunas	2-Year Credit
Imports Worth Between 2 and 5 Million Korunas	3-Year Credit
Imports Worth Between 5 and 10 Million Korunas	4-Year Credit
Imports in Excess of 10 Million Korunas	5-Year Credit

"4. As regards contracts for imports of a noninvestment nature, to insist that repayment be delayed by a minimum of three months.

"5. Not to carry out transfers abroad in instances when—prior to the conclusion of contracts for imports whose value exceeds 100,000 korunas, including all charges—organizations licensed to engage in foreign trade activity do not agree with the Czechoslovak State Bank on the terms of payment.

"These decisions on changes in the terms of payment for foreign transactions were taken within the framework of the Czechoslovak State Bank's responsibility, stemming from the law, for the execution of the state's foreign exchange policy and for the observance of a desirable development of the balance of payments."

The announcement is followed by a 200-word "pp"-signed commentary. According to the author, the announcement demonstrates that, apparently, not even the devaluation of the koruna by more than 50 percent sufficed to "save" the state's balance of payments. The fact that the bank has had to resort to an "administrative measure" to limit payments abroad shows, in the opinion of the RUDE PRAVO commentator, that "the situation in Czechoslovakia's foreign exchange funds is extremely serious."

On the same day, on page 2, RUDE PRAVO carries an 800-word Pavel Paral commentary entitled "Flight From the Koruna." Paral says that the devaluation of the koruna and the subsequent imposition of restrictions on payments abroad by the Czechoslovak State Bank indicate an "acute shortage of foreign exchange." He doubts, however, whether these measures will strengthen confidence in the koruna, all the more so as both the public and enterprises suspect that this devaluation is not the last one. Paral believes that the "flight from the koruna" and the "scramble for dollars" will continue unabated.

Prague MLADA FRONTA DNES in Czech on 16 October on page 1 carries a 500-word interview with Jaromir Zahradnik, deputy chairman of the Czechoslovak State Bank, by Karel Hvizdala entitled "After Devaluation, Liberalization of Prices." The date and place of the interview, in which Zahradnik explains the reasons for the devaluation, are not given.

Asked why the devaluation was carried out effective 15 October, and not 1 January 1991 as originally planned, Zahradnik says that "this step was made necessary by the situation." Because enterprises knew that a devaluation was inevitable (and that, consequently, imports would become more expensive), they increased imports for hard currencies by more than 17 percent as against last year and, moreover, paid in cash and even beforehand even in cases when this is not customary. Besides enterprises, the general public, too, was buying freely convertible currencies in expectation of the devaluation. According to Zahradnik, the strain on the balance of payments was further increased by the increased cost of oil imports (Zahradnik says that today Czechoslovakia buys one barrel of oil for $37-40, compared with $19 for one barrel of Soviet oil). In addition, access to credits is deteriorating and interest rates for medium-term credits on international capital markets are very high.

Zahradnik says that, originally, the devaluation was to be carried out simultaneously with the liberalization of prices and with the introduction of "internal convertibility" of the koruna. He admits that the effectiveness of the devaluation is reduced by its being an "isolated measure."

On the same day, on pages 1 and 2, MLADA FRONTA DNES carries a 1,200-word roundup of reactions of managers of major Czechoslovak industrial enterprises to the devaluation. While the managers of export-oriented enterprises welcome the devaluation and expect it to have a positive impact on their economy, enterprises which depend on imports or which produce for the domestic market complain that it means a "catastrophe" for them. The roundup also includes a brief statement made to MLADA FRONTA DNES by Martin Svehla, spokesman for the Czechoslovak State Bank. In contrast to Zahradnik, Svehla denies that the bringing forward of the devaluation was prompted by a "dramatic deterioration" of the balance of payments. He says: "The development of the balance of payments is not all that catastrophic. It is true that liabilities have increased to 15.2 billion korunas since the beginning of the year, but a situation requiring the bank to start using its foreign exchange reserves has not arisen."

Devaluation of Koruna Examined

AU1810123590 Prague HOSPODARSKE NOVINY in Czech 16 Oct 90 pp 1, 8

[Marcela Doleckova commentary: "A Step Toward Reform"]

[Text] The exchange rate of the Czechoslovak koruna for commercial and noncommercial payments was lowered by 54.54 percent as of today, that is, to the level of approximately 24 korunas for $1. The government decided this 50-percent devaluation on Thursday [11 October], yet Josef Tosovsky, Czechoslovak State Bank chairman, reported this news to journalists as a special treat (or as a bomb?) only on Friday [12 October] evening, after the banks had been closed.

The new rate—which is mainly used in foreign trade and does not apply to citizens—will, of course, have a great impact on enterprises: It will put exporters at an advantage (and should, therefore, stimulate exports) and importers at a disadvantage (and should, therefore, exert pressure on restricting imports). To tell the truth, the devaluation itself should not have surprised enterprises so much because the devaluation was unequivocally anticipated in the discussions about the reform and because nothing other than putting the position of our currency on a more realistic footing is involved. The surprise for enterprises is, undoubtedly, its timing: 15 October 1990 instead of 1 January 1991. J. Tosovsky, Czechoslovak State Bank chairman, explained this by a deteriorating payment balance in convertible currencies and this deterioration was caused mainly by the enterprises themselves. Since they knew that the devaluation was under preparation and inevitable, they logically tried to make the payments for which foreign currency was needed before the dollar or mark would become significantly more expensive. For example, to immediately pay for imports even in cases when a credit is usually used or to quickly repay other credit items. Let us admit that this behavior was logical for an enterprise, yet from the nationwide point of view it meant a rapidly deteriorating foreign trade balance.

Despite the fact that the change in the exchange rate will not apply to citizens buying convertible currency at the tourist exchange rate, it will not be without any consequences to them. The higher prices of imported inputs will be reflected in prices. Only a few months remain till the end of this year, so their impact will not be so pronounced—banking circles estimate it at some three percent. Next year the situation will be different, however, and all the more so as no one has yet confirmed that the current devaluation is final. Moreover, the liberalization of prices will also take place [next year]. Under certain circumstances, these two interconnected factors could represent an impulse for a significant inflation (which incidentally is one of the main arguments of the advocates of the "protection" of enterprises). A sharp inflationary spiral would dash all reform hopes and a number of world economists consider the fight against inflation to be the alpha and the omega of the success of the Czechoslovak—and not only Czechoslovak—economy.

I am of the opinion that this fact should be realized by the trade unions in the first place and that they should present it to their members in this way. I am personally convinced that, under certain circumstances, the best thing would be to freeze wages by a governmental decree for a certain period of time—at least for one year. I understand that this is an unpopular measure, yet, from the long term point of view, an effective one. By the way, it is a tested method.

The devaluation of the koruna was announced at the time when Michel Camdessus, IMF managing director, was visiting Prague. The government, as well as the Czechoslovak State Bank, emphasize that it was only a coincidence. There is no reason to doubt this: the IMF is yet to make a detailed examination of the reform intentions. Nevertheless—and Josef Tosovsky stressed this—the introduction of the devaluation sooner than expected will be understood in the world of big money as a signal that Czechoslovakia is deadly serious about the reform. There is no other way—the survival of our economy is at stake.

Czech Government Abolishes Two Ministries

LD1910044390 Prague CTK in English 2210 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—The Czech Government decided at its session here today that the Czech Ministry of Engineering and Electrical Engineering and the Ministry of Building will terminate their activities on December 31, 1990, and the useful part of their agenda will be transferred to the Industry Ministry.

Announcing this to journalists, Czech Premier Petr Pithart said that this will in no case be tantamount to a mere shift of ministerial staffs.

Czech economy policy and development Minister Karel Dyba stressed that in the market economy industrial branches ministries are superfluous, and the discontinuation of others is envisaged next year.

Czech Premier Petr Pithart also spoke about his recent visit to Italy. The most important talks were conducted on the textile and chemical industries. Also discussed was oil and possibilities of its transport from Trieste where a pipeline starts that ends in Bavaria, relatively close to Czechoslovakia's border.

Moravian Leader Charged With StB Links

AU1810200790 Prague LIDOVE NOVINY in Czech 17 Oct 90 p 3

[Statement by Stanislav Devaty, deputy to the Federal Assembly; place and date not given: "Code Name 'Schoolmaster'; By Dirty Means Toward Dirty Aims"]

[Excerpts] Stanislav Devaty, deputy to the Federal Assembly, asked us to publish the following statement:

At the fifth meeting of the Czech National Council Deputy Stanislav Zajicek (Civic Forum) interpellated Tomas Hradilek, minister of interior of the Czech Republic. [passage omitted] The interpellation concerned the peculiar practices used by Ivan Dospisil (Communist Party of Bohemia and Moravia), secretary of the South Moravia Regional National Committee in Brno, who has been using official mail and state administration staff to spread the positions of the Movement for Self-Governing Democracy—Society for Moravia and Silesia [HSD/SMS] on the issue of the land setup as well as other internal texts of this political movement. [passage omitted]

On 12 October I received from reliable sources the information that Mr. Boleslav Barta, chairman of the HSD/SMS, was on record as an StB [secret police] agent—between June 1976 and January 1980 under the code name "Slavek" [familiar form of Boleslav] and between June 1986 and December 1989 under the code name "Schoolmaster." In both instances he was registered with the second StB department (fight against the internal enemy) in the area of "right-wing issues."

I deem this piece of information to be of great importance and have therefore decided to inform the public about it. I hope that it will contribute also to clarifying the peculiar practices used on the premises of the South Moravian Regional National Committee. I am of the opinion that dirty practices always pursue dirty aims. I do not mind being threatened and denounced in anonymous letters (most of which I am getting from Brno)—I have been receiving such letters also under the communists—and I do not mind when somebody loosens the screws on the wheels of my car. What I do object to, however, is when our nascent democracy is led, as is sometimes the case, by people without a clean shield. [passage omitted]

Czech Right-Wing Views 'Unacceptable' in Slovakia

AU1810161390 Bratislava NARODNA OBRODA in Slovak 13 Oct 90 p 3

[Igor Cibula commentary: "Inclination Toward a Rigid Federation"]

[Text] The Interparliamentary Club of the Democratic Right, which was founded by Civic Forum deputies in the federal parliament and in the Czech National Council, may become a significant element of the Czech right-wing bloc which is just beginning to take shape. Thirty-six Federal Assembly deputies and 21 Czech National Council deputies—all of whom have liberal and conservative views—signed this platform's proclamation. In their first publicly presented point of view, they underlined the fact that multifarious views exist within Civic Forum on fundamental political and economic issues affecting our present and future.

Civic Forum's disintegration process has thus begun and is already acquiring organizational contours. This has happened just before the local elections, which may unpleasantly influence the voters' sympathy for Civic Forum candidates. This civic movement's ambiguous profile undermines, to a certain extent, its chances in a confrontation with clearly defined political opponents. Moreover, the first mistakes and problems which afflicted the governing coalition—in which Civic Forum has a dominating position—are also to its disadvantage.

The ideas of the Civic Forum "democratic right" on how the national republics' authority should be derived from the federation's authority cannot be acceptable to the Slovak public. Right wing Czechs want—in the spirit of their ideas—the federation to make decisions on jurisdiction issues, while they consider arguments about jurisdiction to be an obstacle to the course of economic reform and to the solution of social matters. It has to be added for the sake of clarification that Prague political circles consider the points of view held by Slovak state representatives to be the cause of these arguments.

This evolving Czech right-wing, then, is inclined toward a rigid understanding of the Czechoslovak Federation that is in sharp contrast to the national program espoused by the Christian Democratic Movement [KDH] and the Slovak National Party [SNS] which represent the parliamentary right-wing in Slovakia. In this context, a curious situation could arise in the federal parliament in the future when KDH and SNS deputies may vote alongside Public Against Violence movement deputies if the Czech deputies attempt to assert a "Czechoslovak" solution for the constitutional arrangement in relations between Czechs and Slovaks. However, all the Slovak political parties and civic movements should react even more quickly to the Civic Forum point of view in order to obviate misunderstandings and complications when dealing with important issues affecting the future existence and regular functioning of our federative state.

Hungarian Slovak Official on Minority Problems

AU1910121990 Budapest MAGYAR HIRLAP in Hungarian 10 Oct 90 p 2

[Interview with Slovak Assembly Deputy Sandor Varga by Evelyn Forro; place and date not given: "The Coalition Is in Bad Shape"; first paragraph is MAGYAR HIRLAP introduction]

[Text] The bill on the introduction of an official language will be submitted to the Slovak Assembly next week. The Coexistence Movement and the Hungarian Christian Democratic Movement submitted a joint proposal, and the Matica Slovenska Organization also submitted a proposal, just like the parties in the government coalition which submitted a recently reformulated proposal. At its latest meeting, the Slovak Government proposed that the Assembly should only discuss the proposal submitted by the coalition, but the Presidium of the Slovak Assembly decided to discuss all three proposals. Sandor Varga, who also participates in the activity of the Assembly's Pubic Administration and Self-Government Committee, gave an interview to MAGYAR HIRLAP about the government coalition proposal and the political situation in Slovakia.

[Varga] This new proposal has the greatest chances of approval.

[Forro] To what extent can it be accepted from the viewpoint of the national minorities?

[Varga] It merely reaches the level where one does not leave the Assembly. The proposal stands on very thin ice, and it stipulates extremely narrow rights for the national minorities because, in the first and second article, it stipulates and clearly demands that people working in state and local government offices use Slovak as an official language. The bill allows the use of another language to customers only, and only in places where the percentage of national minorities in the overall population reaches 20 percent. The bill is rather rigid concerning the national minorities, and there will be a lot of additional conflicts if the bill is adopted as it is.

[Forro] In your view, what kind of language bill has a chance of being adopted?

[Varga] It is possible that the opposition parties will come up with various modifying proposals. There are many people within the Christian Democratic Movement who prefer the nationalist proposals that exclude the national minorities, but, unfortunately, there are also people among the deputies of the Public Against Violence Movement who prefer this.

[Forro] This bill can become a touchstone for the Independent Hungarian Initiative, a movement you also represent. Can you envisage a situation in which you no longer can accept cooperation with the Public Against Violence Movement and, subsequently, you will leave the Assembly?

[Varga] Such a situation can emerge in any case. However, the center of the Public Against Violence Movement approached this issue in a positive way, but the deputies in the provinces are under tremendous pressure. In the provinces, unaware of the reasons, an incited mass of people are convinced that they should accept the language bill. On the other hand, I myself heard one of the leaders of the aforementioned movement, Peter Zajac, say that he would "call it a day" if the Parliament adopts a bill which is discriminative to the national minorities.

[Forro] I think this is no longer only a language issue.

[Varaga] Indeed, this language bill has become not only a language issue and national minority issue, but also a very serious political issue. The Slovak nationalists are exercising great pressure on the government and trying to create an incomprehensible legal vacuum. They want an anticonstitutional and unlawful bill. If the coalition parties voted for such a bill, the legitimacy of the coalition would be questioned. This would provide an opportunity for the prepared extremists to declare an independent Slovakia. The coalition is in bad shape anyway: No matter what they adopt, it will lead to opposition. If the coalition discriminates against the national minorities, this will have an international reaction and will also lead to the strong reaction of Hungarians living in southern Slovakia. If the coalition gives rights to the national minorities, the incited Slovak masses will protest. This is a political struggle for power.

Impact of Gulf Crisis on Economy Quantified

AU1810194590

[Editorial Report] Prague LIDOVE NOVINY in Czech on 17 October on page 7 carries a 1,500-word article by Jiri Franek entitled "Connections With the Oil Shocks." The article deals with the "bleak prospects" of the Czechoslovak economy as a result of the crisis in the Persian Gulf, limited Soviet oil supplies, the collapse of Czechoslovakia's traditional export markets (GDR, Soviet Union), and the transfer to convertible currencies in CEMA trade. The article also contains "preliminary rough" data on the cost of the Persian Gulf crisis to Czechoslovakia. According to Franek, "the import of oil and gasoline in freely convertible currencies plus losses from planned exports of oil products in convertible currencies that will not be realized will cost us $592 million; losses from exports to Iraq that will not be realized will cost us $290 million; and losses from our frozen assets there $520 million. This amounts to a total of $1.402,000,000." Franek does not specify whether these figures refer to losses for this year alone or for a longer period of time.

CPSU Central Committee Secretary Pays Visit

AU1810125190 Prague RUDE PRAVO
in Czech 16 Oct 90 p 2

["rik"-signed report: Will 1 Million Members Leave the CPSU?"]

[Text] Prague (from our correspondent)—On Monday [15 October] in Prague, during a meeting with journalists, Valentin Kuptsov, CPSU Central Committee secretary, who arrived in Czechoslovakia the same day, stated that a revival process is taking place in the CPSU, in the framework of which the membership is also reduced—by 680,000 in the first eight months, and by the end of the year it should be about a million of the original 19 million members.

Following Monday's parley with V. Mohorita, first secretary of the Communist Party of Czechoslovakia Central Committee, he is also to meet representatives of the Social Democracy and Civic Forum. He also plans to visit Kosice [East Slovakia] where he worked as a metallurgist for a year in 1967-1968. He pointed out that so far about 20 political parties and perhaps 3,000 initiatives exist in the USSR—"from monarchists to anarchists."

He expressed interest in the work of the CPCZ, in the developments in Czechoslovakia, in the transfer to a market economy, but also in the parliamentary work of party fractions and in the activities of the opposition. According to him, it is necessary to broaden human contacts and to analyze social processes in the Eastern European countries.

New Commission on Soviet Troop Withdrawal Meets

LD1910043190 Prague CTK in English 2253 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—The new parliamentary commission supervising the departure of Soviet troops from Czechoslovakia today started its work.

Unlike that which worked until the June 9 elections, it is composed in addition of deputies to the Federal parliament also of deputies to the Czech and Slovak National Councils, supreme national legislative bodies.

The new commission is chaired by Federal Assembly Deputy Michael Kocab.

In addition to seeing to the observance of the timetable of withdrawal, the commission will deal with contamination of underground waters and of soil, and will initiate quick drafting of an agreement on ways of compensation of the damage caused by the Soviet Army in Czechoslovakia over the past 22 years. (The Soviet troops have been in Czechoslovakia since a Soviet-led invasion crushed the revival process in the country in 1968.)

Czechoslovakia is the only country on which the Soviet Union has not exerted economic pressure in connection with its departure.

It was announced by the commission that 58 per cent of the 73,500 Soviet troops and 53.4 per cent of their family members have thus far left Czechoslovakia, and that 78 per cent of tanks and 82 per cent of planes have been withdrawn.

After October 22, when the withdrawal of a Soviet helicopter regiment from Sliac, Central Slovakia, will end there will be no Soviet combat helicopter in Czechoslovakia.

Delegation Concludes Talks at State Department

AU1810193190 Prague HOSPODARSKE NOVINY in Czech 16 Oct 90 p 5

[CTK report: "Warning From the United States"]

[Text] A Czechoslovak delegation consisting of Z. Pirek, deputy minister of foreign affairs; P. Suchan, chairman of the Foreign Affairs Committee of the Federal Assembly's Chamber of Nations; and J. Kralik, CSFR ambassador to Geneva, concluded a visit to Washington this weekend.

During their four-day visit, members of the delegation met with Assistant Secretaries of State Raymond Seitz and John Bolton, Congressmen Martin Frost and Graham Gore, and other politicians. The intensive talks concerned a number of issues, particularly Czechoslovakia's position in Europe and the CSFR's role in the United Nations and other international organizations. U.S. assistance to the Federal Assembly, particularly in the technical field and in the use of modern computer technology, was also discussed.

During the talks the American side drew attention to the fact that nationality problems and lack of unity could jeopardize the further development and might have a negative influence on the U.S. public's perception of the CSFR.

Hungarian Policy Considered Pretext for Annexation

AU1810160990 Bratislava NARODNA OBRODA in Slovak 13 Oct 90 p 13

[Reprinted from Pavel Kral article published in SLOVENSKY DENNIK No. 152: "A Strikingly Striking Strategy"]

[Text] The idea of a certain kind of regional unity in Upper Tisa along historic, geographic, hydrographic, economic, and nationalistic lines is not new and always crops up when Hungarian policy wants to assert its interests in the designated region.

This fundamental idea has again recently cropped up in Hungarian policy. More specifically, it was formulated and expressed by A. Goncz, the Hungarian president. He interpreted this idea in the following manner: East Slovakia, North East Hungary, the Subcarpathian Ukraine, and North West Romania should strive for a certain kind of regional cooperation since they belong to the "homogeneous Tisa region." The intention of Hungarian policy, with all its consequences, is to utilize this idea to influence and gradually forge unity among the Hungarian ethnic minority living outside Hungary. Apart from this, the issue involves dusting off old Hungarian ideas and attitudes among East Slovaks (with the likelihood of including southern Slovaks!!) as well as the Ukrainian-Ruthenians' economic legacy from Hungary. With its help, they would be economically "better off."

Naturally, something else is understood by regional cooperation today. This involves cooperation and understanding among various states belonging to a specific region (Baltic, Danube, Balkan, Pentagonal) where states participate as a whole and not just their individual regions. We assume that this form of understanding and cooperation, if the need for it arises, can also be implemented very well on a bilateral basis.

In reality, however, Hungarian policy is pursuing something else. It is pursuing the establishment of stronger bonds between ethnic Hungarian groups living outside Hungary and the preparation of conditions for unifying them or swallowing them in the future. Moreover, this policy is also resuscitating the renewed concept of a "greater pre-1918 Hungary," a concept which could be squeezed into the framework of the current trend for rapprochement among European nations and the common European home.

FRG Forces Inspector Meets Army Leadership

LD1810134790 Berlin ADN International Service in German 1212 GMT 18 Oct 90

[Text] Prague (ADN)—Bundeswehr Inspector General Admiral Dieter Wellershoff, who is on a visit to the CSFR, informed the leadership of the Czechoslovak Army in detail about the effects of establishing German unity in the military sphere.

As Wellershoff stressed to the press in Prague today at the end of the former National People's Army in the Federal Army. Apparently in an effort to remove from the start any fears about the results of unification, Wellershoff gave an assurance that Germany did not want to gain any military advantages from unity. At the same time, he referred to the German plan to reduce the army from 540,000 to 370,000 men by 1994. Wellershoff came out strongly in favor of a deepening of cooperation with the Czechoslovak Army, particularly with regard to the frontier between the two states, which is now longer than 800 kilometres.

Asked about his views on the events hitherto in the disarmament commission of the Warsaw Treaty states, he expressed his regret that so far there had been no agreement between the member states on different types of weapons. The CSFR, Wellershoff said, did however play a very positive role in the negotiations in this commission.

Comments on Visit, Cooperation

LD1810223690 Prague CTK in English 1751 GMT 18 Oct 90

[Text] Prague Oct 18 (CTK)—Bundeswehr General Inspector Admiral Dieter Wellershoff spoke here today in favour of further development of mutual cooperation between the Czechoslovak Army and the Bundeswehr, especially in practical training, and of further strengthening relations on the basis of mutual trust and good neighbourhood.

Winding up his three-day official visit to Czechoslovakia, Admiral Wellershoff said that his talks with Czechoslovak officials focused on the situation in Europe from the security and political points of view, and on possibilities of forming security structures on the basis of cooperation between countries. The Czechoslovak Army and the Bundeswehr agreed that the armed forces must make an important contribution to building a stable security system in Europe based on trust.

Referring to the unification of Germany, Dieter Wellershoff said that his country does not draw any advantages from it, and pointed out that the number of German soldiers will be reduced from 540,000 to 370,000 in the next four years. Admiral Wellershoff said that Czechoslovak Army Chief of Staff General Anton Slimak appreciated Germany's assistance in professional training of Czechoslovak officers at Bundeswehr schools. The German guest proposed, inter alia, to set up in the future airborne groups of rescuers to be deployed in the liquidation of accidents of military planes along the common borders. He also offered assistance in carrying out democratization reforms in the Czechoslovak Army.

Further Reportage on Antall's U.S. Visit

Meets With U.S. Congressmen

LD1810125190 Budapest MTI in English 1115 GMT 18 Oct 90

[Text] Washington, October 18 (MTI)—Prime Minister Jozsef Antall on Wednesday met American senators, and leaders of the House of Representatives.

At both meetings, the prime minister called attention to the fact that Hungary was the first to embrace the policy of democratic transformation in Central and Eastern Europe. Its struggle yielded success also for others, and vica versa: Inasmuch as the Hungarian experiment collapses in view of the economic difficulties, that would set back development not only in the region, but the Soviet Union, too, and it would also justify China's current practice. [sentence as received]

Hungary does not request some sort of new Marshall Plan, but a well-considered conception about how the West, the United States could help Hungary, which has progressed the farthest in the region with respect to the creation of market economy conditions. Mr Antall asked that Hungary be taken off the list of countries that carry on state-directed trade, to thereby eliminate the restrictions on its exports, and to extend the preferential treatment to other Hungarian products.

Mr Antall answered questions put to him by those present, including Claiborne Pell, chairman of the Senate's Foreign Affairs Committee, Senators Richard Lugar, and Edward Kennedy, Thomas Foley, chairman of the House of Representatives and others. The legislators ensured their [words indistinct] Hungarian transformation and voiced the hope that laws will soon be passed regarding further financial assistance, and ensuring further trade relaxations to Hungary, by amending its ranking.

In the event, a dinner was hosted in honour of Mr. Antall and his party by the Center for Democracy Organization and Tom Lantos, member of the House of Representatives of Hungarian origin. The dinner was attended by many leading figures of American political life. Mr Antall was welcomed by Peter Kelly, head of the center, then by Jack Kemp, secretary of housing and urban development, who welcomed the prime minister on behalf of President George Bush and the administration. Also welcoming Mr Antall were Lane Kirk and, president of the AFL-CIO trade union federation, Senator Richard Lugar, Representative Guy Cander Jagt (Rep.), and James Billington, the prominent historian and Congress librarian.

Honored in White House Ceremony

LD1810191390 Budapest Domestic Service in Hungarian 1700 GMT 18 Oct 90

[Report by Gyorgy Bolgar, including statement by Prime Minister Antall on U.S. economic assistance and the significance of his visit to the United States, in Washington; date not given—recorded]

[Text] [Bolgar] The United States will give Hungary economic aid to ease the losses caused by the drought and the Gulf crisis. This was announced by President Bush when he received Prime Minister Jozsef Antall in the White House. More precisely, the U.S. will provide credit to the tune of $47.5 million for the purchase of half a million tonnes of corn fodder, and the IMF will provide further aid.

As the President announced in his welcoming speech, the United States understands that the countries of Central and Eastern Europe, which resolutely support the UN sanctions against Iraq, have lost important export markets; this, coupled with the increase in energy prices, hinders the historical transformation to a free market economic system. For this reason, Washington is asking the IMF to raise its loans intended for the region by $5 billion, and to alter its policy of giving credit in accordance with this. The World Bank should accelerate the payment of its earlier promised support.

In his reply, the Hungarian prime minister not only expressed thanks for the assistance, but said: From this, too, it is apparent that we have come to visit friends, because they are reading our thoughts.

The White House ceremony and the speeches by the President and the prime minister of course were not limited to economic support. A spectacular ceremony took place in the White House garden which is customary for such occasions, but which is totally unusual for us Hungarians, with the marching military units of honor and the enormous number of invited guests. Gun salutes were heard during the Hungarian anthem, the U.S. national anthem was played, and a military band including a fife and drum passed by the two leaders.

President Bush then stepped to the microphone and said: The visit to the White House of the first democratically elected Hungarian prime minister in more than 40 years is truly a historic event, but it is not without precedent, because Lajos Kossuth—and the President pronounced Kossuth's name perfectly—paid a triumphant visit to the U.S. in the past century. There has been no one since Lafayette who has been welcomed with such affection and respect as he. Returning to the present, President Bush then made an appealing statement which was very important politically: Hungary is not an emerging democracy; it is a democracy.

Jozsef Antall, who did not use a prepared speech, expressed thanks for the support of the United States—not primarily for Hungary, but in the struggle against dictatorships.

[Antall] I would like to thank you for raising the safeguarding of human rights to a government level; you have represented this as a government in the past decades. Furthermore, I would also like to thank you for forcing the Soviet Union into a tough contest in technology, in the economy, and in the military sphere. With this, you have contributed to Mr. Gorbachev's efforts to reform the Soviet Union; you have also helped the peoples of Eastern European acquire more favorable conditions for freedom.

[Bolgar] The reporter should not use adjectives, but Jozsef Antall closed his undoubtedly very effective speech with the following:

[Antall] I thank you for having received, and for receiving, the Hungarian Government delegation. I am certain that you will find in Hungary a loyal friend. We will remain so until the end of time.

Legislators Meet NATO Delegates 17 Oct

LD1810121190 Budapest MTI in English 1020 GMT 18 Oct 90

[Text] Budapest, October 17 (MTI) [dateline as received]—Members of two committees of the North Atlantic Treaty Organization—the economics committee, and the technological affairs committee—have been in Hungary since the beginning of the week.

On Wednesday, the delegation held talks with representatives of the Hungarian parliament's Foreign Affairs, Defence, Economic, Financial and Scientific Committees. The talks focussed on the relations of Hungary and the Warsaw Treaty. The Hungarian MPs reported that, if the Warsaw Treaty's military organization was not dissolved by the end of 1991, then Hungary would withdraw from the military organization. It could be that the countries concerned would continue political relations, and related consultations, they suggested.

The delegations of the North-Atlantic assembly have invited a delegation of the Hungarian National Assembly to visit Brussels.

Cooperation Discussed With European Communities

LD1810144390 Budapest MTI in English 1108 GMT 18 Oct 90

[Text] Brussels, October 17 (MTI)—Preliminary fact-finding talks between the Commission of the European Communities and Hungary about preparations for a novel association contract that will also include political cooperation ended on Wednesday.

The Brussels talks, which took place on Tuesday and Wednesday, were the continuation of dialogue opened some three weeks ago in Hungary. The Hungarian delegation was led by Dr. Endre Juhasz, head of department at the Ministry of International Economic Relations, the European communities delegation by Pablo Benavides, director of the Foreign Relations Directorate.

The conditions have been created, in the course of talks in Budapest and Brussels, for the commission to request a mandate, or authorization from the Council of Ministers of the European Communities, to open official talks about Hungary's association.

Goncz Greets Grand Duke, Duchess of Luxembourg

LD1810124890 Budapest MTI in English 1039 GMT 18 Oct 90

[Text] Budapest, October 17 (MTI)—On Wednesday evening, Arpad Goncz, president of the Republic of Hungary, and his wife, hosted a gala dinner in honour of Grand Duke Jean of Luxembourg, and his wife, Josephine-Charlotte, in the Budapest Hilton Hotel. Toasts were given.

Mr. Goncz said that the history and development of Luxembourg could serve as an example for Hungary. It was proof of a small country's capacity to attain outstanding results, through the sheer hard work of its people.

Grand Duke Jean stressed that Hungary was the first to dent the Iron Curtain. This is why he was pleased to learn that Hungary will be the first of all the East European countries to become a fully-fledged member of the Council of Europe, in early November.

MSZMP Proposes Republican Consultative Council

LD1810211390 Budapest MTI in English 1736 GMT 19 Oct 90

[Text] Budapest October 18 (MTI)—Solving the acute problems Hungary is facing requires nationwide cooperation. To this end, the Workers' Party (HSWP) [MSZMP] is proposing to set up a republican consultative council which would involve the whole spectrum of society, HSWP President Gyula Thurmer told a news conference in Budapest on Thursday.

The council would include delegates of the parliamentary parties, the non-parliamentary parties which fared well in the parliamentary and local elections this year, the trade unions and some representative organizations.

The council would explore resources that could alleviate the social problems, Thurmer said.

The HSWP president urged passing legislation which would guarantee the financial conditions of normal operation for all parties, and be independent of the government.

Supreme Court Prevents Kadar Society Registration

LD1810172790 Budapest Domestic Service in Hungarian 1400 GMT 18 Oct 90

[Text] The Supreme Court has issued a non-appealable verdict against the registration of the Janos Kadar Society as a political party. The application was handed in some time ago by Roland Antoniewicz, and the Budapest court subsequently rejected it. The Supreme Court said that the society's organizational statutes are unconstitutional; it called the society's position erroneous and its procedures malicious.

Walesa Continues on Presidential Campaign Trail

Tours Silesian Coal Mines

LD1810140190 Warsaw PAP in English 1231 GMT 18 Oct 90

[Text] Karowice, Oct. 18—On another leg of his presidential campaign in the Silesian region today, Lech Walesa met with miners at the Zofiowka (formerly manifest Lipcowy) coal mine where the Jastrzebie agreement had been signed with the inter-factory miners' strike committee ten years ago on September 3. Later, the Solidarity chairman came to the Wujek coal mine to pay homage to its miners tragically killed there on December 16, 1981, in the first days of martial law.

Visits Bishop Damian Zimon

LD1810175390 Warsaw PAP in English 1517 GMT 18 Oct 90

[Text] Katowice, Oct. 18—Solidarity Chairman Lech Walesa visiting Katowice today, met with ordinary of the Katowice diocese, Bishop Damian Zimon.

Walesa also took part in a meeting at the headquarters of the Solidarity Silesia-Dabrowa chapter during which he replied to numerous questions of representatives of city and local coordinating commissions.

After the meeting, Walesa went to the Katowice steelworks where he met with steel workers.

Presidential Candidate Assesses Political Affairs

LD1810225990 Warsaw Domestic Service in Polish 2100 GMT 18 Oct 90

[Text] We did not fight the Reds for so long only to accept the pinks now, declared the head of the Union of Real Politics, Janusz Korwin-Mikke, in his assessment of the present situation in Poland during two meetings in Poznan which formed part of his presidential campaign.

Asked about his electoral chances and that of others, he said that he could win 15 percent of the votes while Mazowiecki, who was a serious candidate, has no chance at all. He announced that his first move as president would be to reduce the bureacratic machinery of the head of state, to veto the law on territorial self-management, and to decrease the numbers in parliament and appoint a council of state.

Candidate Tejkowski on Sale of National Property

LD1810135190 Warsaw PAP in English 1235 GMT 18 Oct 90

[Text] Warsaw, Oct. 18—The crucial thing is to prevent sale of the national property to foreigners, said Bolesla Tejkowski, candidate of the Polish National Community-Polish National Party for president, at a press conference here today.

We want to maintain all property within the borders of the Polish state, in the hands of Polish citizens or under protection of the Polish Government, he continued. We want to found the economic reform on Polish resources, allowing however a foreign capital in a controlled way.

We expect votes from the whole nation as we address our programme to them, Tejkowski said.

In reply to a question Tejkowski stated that he does not provide for the possibility to shift votes of his electorate to any of great contenders, that is Mazowiecki or Walesa, if a second round of elections takes place.

PSL Solidarity Undecided on Presidential Candidate

LD1810192290 Warsaw Domestic Service in Polish 1800 GMT 18 Oct 90

[Text] Jozef Silsz, deputy Senate speaker and chairman of the temporary authorities of the Polish Peasant Party (PSL) Solidarity, has stated that the party will not put forward its own candidate in the approaching presidential elections. PSL Solidarity will decide at its next national meeting of representatives of their regional organizations which of the main candidates to that office to support.

Electoral Commission Announces Radio/TV Access

LD1810180590 Warsaw Domestic Service in Polish 1700 GMT 18 Oct 90

[Text] In accordance with a resolution of the State Electoral Commission, registered candidates for the presidency have equal and free access to the four nationwide radio programs of Polish radio and also the two television channels for purposes of presenting their electoral programms and statements. Such access is permitted starting at 1200 on the day after the electoral commission draws up the electoral list until the 36th hour before the day of the elections. The electoral commission has also established that voting districts abroad will be created at diplomatic and consular posts where at least 20 voters may be expected, and also in places where groups of at least 200 Polish citizens are staying.

Candidates Allocated Air Time

LD1810194690 Warsaw Domestic Service in Polish 1800 GMT 18 Oct 90

[Excerpt] How are the candidates to the presidential office going to fight? According to what rules? Stanislaw Stec will present you with the details:

[Stec] Presidential candidates can have 15 hours of television time and 30 hours of radio time for their campaign, beginning 26 October. Our firm [as heard], as far as its finances permit, must provide those aspiring to presidential office with equal conditions to present their programs, arguments, visions—whatever they want. The contents are exclusively dependent on what they want and are only restricted by the law on respecting the good reputation of others. [passage omitted]

Michnik Views Presidential Election Campaign

PM1810151490 Lodz GLOS PORANNY in Polish 27 Sep 90 pp 1, 6

[Interview with Sejm Deputy Adam Michnik, joint founder of the Citizens Movement Democratic Action (ROAD) group and GAZETA WYBORCZA chief editor, by GLOS PORANNY CORRESPONDENT Henryk Sroczynski; place and date not given]

[Text] [Sroczynski] You were the first to suggest the idea: "Your president and our prime minister." How would you assess the president today?

[Michnik] Let me tell you this: As regards my assessment of General Jaruzelski's presidency, my impression is that ever since the start of his term in office Gen Wojciech Jaruzelski has demonstrated loyalty with regard to the transformations that took place in the country. He never created obstructions to these transformation processes, nor did he infringe the law. And I am under the impression that he is being most severely attacked today, when he least deserves it. On the other hand, as regards my earlier critical evaluation of Gen Jaruzelski's past policy, this was well publicized because I expressed it openly during martial law and in the subsequent period. And I always gave my name when I did that. But let me tell you that today, when courage has been so greatly devalued, I would not like to add my name to those of his present critics.

[Sroczynski] You opposed the idea of a split within Solidarity. What is your opinion: Has the actual split not taken place too soon?

[Michnik] Indeed it has. At times I have the impression that it happened far too soon and that certain unfinished matters should have been brought to completion first. I am thinking here in particular about a certain unity of protection accorded to Deputy Prime Minister Balcerowicz' economic policy, even if it had been largely critical protection. However, by now all this is merely crying over spilled milk. The division has taken place, and this happened thanks to Lech Walesa's initiative. All the same, at the moment I would tend to look at the positive side of the division rather than cry over the negative implications, for these have taken place already.

[Sroczynski] Recently in the Sejm you gave us an example of how to defend the government. Will a similar tactic be used by the Citizens Movement Democratic Action in its parliamentary election campaign?

[Michnik] I would prefer not to look too far into the future here. However, I believe that the election campaign should be based on honesty as the chief tactic. I believe that the present government can and should be criticized, but the crititcism should be applied with a view to eliminating the shortcomings and not changing the government, destabilizing the existing configuration of forces, and so on. After all, the present government has undoubtedly achieved a lot. On the other hand, this should not be taken to mean that it has not made any mistakes—or that it is not still making them. In the end, it is all a question of the language and tone in which we talk about these matters. If the tenor of our comments implies that all our misfortunes began with the day the present government came to power, we will be guilty of common distortion of the truth and political irresponsibility. And I believe that these are things which we should very carefully avoid in public life.

[Sroczynski] We have only just launched the presidential election campaign and it is already obvious that there is much talk about personality issues and very little about the essence of presidency as a state office....

[Michnik] So you can see for yourself that things are not going as they should. I believe that the election contest should be fought over programs and that the slightest chance of its turning into a conflict of personalities should be suppressed at all costs. However, this is how things often develop in this kind of political era: Conflicts tend to become fragmented. In my view, it is not the personalities but the election baggage they bring with them into the contest: What programs they offer; which people they attract; what kind of political culture they represent. And I still believe that these factors will be decisive in the long run.

[Sroczynski] Will Lech Walesa have to contend with any serious rivals in his run for president?

[Michnik] I hope he will. After all, if he remains the only serious candidate, the whole thing would be a parody of democracy and pluralism.

[Sroczynski] Do you believe that the appointment of a new president will alleviate conflicts and provide a remedy against frustration?

[Michnik] I am not at all sure of this—because it will certainly alleviate frustrations in the winners' camp, but aggravate them in the losers' camp. But the overriding need now is for Poland to be a rule-of-law state and no ambition or frustration should be allowed to rise above the law.

[Sroczynski] And what, in your opinion, should be the nature of the parliamentary election campaign?

[Michnik] It should also take the form of a contest fought over programs. It should be, as it were, an argument about the desired vision of Poland's future.

[Sroczynski] Do you not believe that it can lead to a bitter struggle which could exert a destabilizing influence on the situation in the country?

[Michnik] I believe that it is imperative that we draw up a certain code which everybody would be obliged to observe. A certain code of conduct applicable to the political contest, which would preclude the possibility of certain behavior and tactics.

[Sroczynski] What kind of group is ROAD, which you set up with the other founders? What is the cohesive principle that unites people in ROAD?

[Michnik] We are united by our shared ideals and values connected with a specific interpretation of the interests of the nation and the state, and our shared view on Poland's place in Europe. To put it in the simplest terms, the people gathered together within ROAD are the same people who remained true to Solidarity over the past 10 years and who are, on the one hand, opposed to the ideology of acceleration and a personal revolution and, on the other, against the concept which rejects the idea of Poland constituting a common good shared by all of us. In other words, these are the people for whom Solidarity was a movement which embodied all their strivings for a democratic, independent, tolerant, and pluralistic Poland, a Poland based on Christian values but at the same time refusing to equate the profession of religious faith with proof of a genuine Polish pedigree.

[Sroczynski] How do you see ROAD's future? Will it become a regular, registered political party?

[Michnik] I would not rule out the possibility of such a development. The formula is still very broad. If I were to compare ROAD to some existing structures, it would be to American-style political parties, which allow for a very wide range of positions and attitudes and leave plenty of scope for internal pluralism. It is not a party based on ideology. We have in it people who identify with Christian values and democratic ideals, those who hold social-liberal views, and others who profess liberal-conservative values. But what is the factor which unites them all? They are all united by a shared idea of Poland's European heritage, a shared concept of a modernization of Poland within the framework of the law, a search for a compromise between all forces for democracy's sake, and finally a shared wish to effect evolutionary changes without cataclysmic upheavals, without vindictiveness, and without hatred.

[Sroczynski] How do you envisage the future of the small parties?

[Michnik] I certainly see a future for political pluralism. The general rule worldwide is that emerging political parties must either manage to secure a social platform for their activity or eventually perish. And the same will doubtless happen here, too: Poland will not be an exception.

[Sroczynski] I hope you will now allow us a final, indiscreet question: How do you perceive the position of your paper, GAZETA WYBORCZA, in the presidential and parliamentary elections?

[Michnik] I think that everyone will be able to judge us on our performance. The editor ought not to define the nature of his paper except through the content of its successive issues.

PSL for Proportional Voting Law in Constitution

AU1810110890 Poznan TYGODNIK LUDOWY in Polish 14 Oct 90 pp 1, 3

[Interview with Aleksander Luczak, deputy chairman of the PSL and secretary general of the PSL Parliamentary Deputies Club, by Emilia Kedrych; place and date not given: "The Constitution Defines Democracy"]

[Excerpts] [passage omitted] [Kedrych] What important, possibly even original elements, are contained in the Polish Peasant Party's [PSL] working draft on the constitution?

[Luczak] Our draft contains three distinctive features. The first touches on state institutions. In place of a Senate we want to see the creation of a local authorities chamber that would play a similar role to the one played by the second parliamentary chamber. However, it would primarily represent the interests of the local authority that is the representative of the local community. This chamber would not be elected through general elections, but through district councils which would put forward local counselors. This type of election will guarantee the chamber's democratic character and broad representation from local communities nationwide. Among those communities are the district, village, and small town communities that are so important to our party.

The second distinctive feature of our project is the acknowledged appreciation of the importance of local authorities. We believe that with the classical tripartite division of power, namely the legislative, executive, and the judiciary, there is also a fourth that is equally important: the local authority. This view reflects the historical experiences of the peasant movement, which right from its outset approached problems of state and society through local self-government.

Finally, the third item, namely, private property—especially agricultural property. We want to make this important and to create appropriate conditions for it to be able to feed the whole nation. In keeping with our political traditions we do not exclude other forms of agricultural production, for example, the state owned or the cooperative form. I think one must also mention that an agriculture that is correctly developed does not destroy the natural environment. Agriculture must be efficient, but not at any cost, or rather, not at the cost of personal health or the environment. [passage omitted]

[Kedrych] Let us consider the essentials of this draft. The role of the presidency has aroused a lot of emotion. How does the PSL's working team envisage the prerogatives of the future president and other institutions?

[Luczak] We believe that political power resides in the nation and in practice this means its democratically elected representatives. The supreme state organ would thus be the Sejm. Concerning the president, he is the highest representative of the state, but in our working draft he does not have legislative powers. In other words, we do not give him the power to rule by decree. The dispute is precisely on this point. We have given him many other important powers. He is the head of the Armed Forces, he can call elections, he can on the Sejm to appoint or dismiss the prime minister, and so on. At the same time, our document avoids being too favorable to the Sejm. We have also given the government a lot of prerogatives, because we feel that there should be a balance between all the various constitutional organs. Our draft gives prominence to other organs such as the Supreme Court, the Constitutional Tribunal, the Tribunal of State, the Supreme Chamber of Control, and the Citizens' Rights spokesman.

[Kedrych] There is a debate and a dispute about the electoral law. What is PSL's position on this issue?

[Luczak] We are in favor of the so-called five-point electoral law. The first four are not contentious and are widely accepted among specialists. Everyone agrees that the elections must be general, equal, secret, and direct. The fifth point, namely, proportionality, has become an issue. Proportional voting means that there is be a direct correlation between the number of votes cast in any electoral region and the number of parliamentary seats. The alternative is the method proposed by the Citizen's Deputies Club, namely, the simple majority voting. Parliamentary seats are then divided according to how many votes were cast for each list. We think that in these early days of our political system and the fact that political parties are still coalescing, the proportional system is more appropriate, because it gives a fighting chance to all parties and groupings. The Sejm will be an identical reflection of the situation that exists nationwide. Our electoral law version will not create new parties, nor will it allow forces that have no social support to enter parliament. Those that have support should be present in parliament. This is our argument.

[Kedrych] How far have we gotten on this issue?

[Luczak] Talks have come to a halt. We still do not know what will happen to our officially submitted proposal that calls for a public referendum on this matter. If our proposal goes through, we shall have a referendum. If not, the decision will be made in the Sejm after the appropriate committee discussions. I want to say that the PSL Supreme Council accepts our constitutional draft and our recommendation of proportional voting.

Solidarity 80 Demands Media Access

LD1810191790 Warsaw Domestic Service in Polish 1700 GMT 18 Oct 90

[Text] The National Coordinating Commission (KKP) of the Independent Self-Governing Trade Union (NSZZ) Solidarity 80 has published a resolution on the matter of the access of this union to the mass media in which it demands at least a 15-minute-long program of its own for the union in the nationwide television channel directly after the evening news.

Destruction of Secret Polish Files Investigated

AU1810171990 Warsaw RZECZPOSPOLITA in Polish 16 Oct 90 p 1

[Jan Ordynski report: "Who Is Responsible for the Destruction of SB Files?—Investigations Coming to an End"]

[Text] In the middle of June we reported that the Office for the Protection of the State had received information about the destruction of Security Service [SB] operational materials in the Interior Ministry and other bodies under the ministry's jurisdiction. This activity took place from the end of August 1989 to the end of January 1990, and even February 1990 in the case of Bielsko-Biala. Members of the former Interior Ministry leadership were involved in this destruction.

"Investigations into this destruction of files commenced on 19 June," says Kazimierz Radomski from the Prosecution Department of the Interior Ministry. "First of all, an investigation was made on the right of Interior Ministry leaders to store and destroy documents. It transpired that they had their own rules about this, which were not always clear. As a result of these rules, it was possible for a document to be considered very important one day and worthless trash the next."

Later it was established that when the Interior Ministry was reorganized toward the end of August 1989 and department four, responsible for keeping tabs on the clergy, was abolished together with other departments, all the files on the clergy had already been destroyed. That is a grievous loss from the point of view of current investigations into the deaths of Fathers Chojnacki, Suchowolec, and Zych. Every single Polish priest, whatever his religion, had a file in the SB, containing biographical information; the grades he obtained in the priest's seminary; details about his housekeeper, friends, and enemies; relations with his parishioners; and information on his political views and the people he visited. The files also contained information on the contents of sermons and even recordings thereof, not to mention parish notices. Any social activity by a clergyman, for example if he developed the idea of building rural roads, was noted.

The order to destroy these files was given by the director of department four, General Tadeusz S., and the order was approved by Vice Minister General Henryk D.

A similar fate befell files on the opposition and on SB secret agents. The interrogations of former SB agents carried out by the prosecutor's office so far reveal that the SB leadership pressured lower ranks into reducing the number of files, probably because of what had happened to secret informers working for the GDR and Czechoslovak security services. One can assume there were fears that these files would find their way into the outside world, which would have caused incalculable consequences. One must realize that many of these secret informers were not really informers at all; SB agents included them in their list of informers just to show that they had a quota.

There is no doubt that the destruction of the material has caused irreparable losses. The material was surely of great legal and historic importance. It described various important but unexplained events, the SB's influence on these events, and the degree of the SB's infiltration of society. Therefore this material could have been used as court evidence and provided the basis for historical and sociological research.

As I have said, the prosecutor's office is handling the case of the destruction of SB files. It seems that preliminary investigations are coming to an end. Generals Henryk D., Tadeusz S., and Krzysztof M. have been accused of violating Article 246 of the Criminal Code, on the failure of a public official to discharge his duties and on an abuse of power. However, these men claim that the destroyed material represented no great value, apart from which they insist that they acted within their powers and within the rules. They say that the agents themselves wanted the files to be destroyed.

There are a few problems left to solve and a few more witnesses to interview before the investigations are completed, probably in November. For the time being, the prosecutor's office sees no need to remand the suspects in custody.

Minority Activist on Formation of German Societies

AU1810172790 Warsaw TRYBUNA in Polish 16 Oct 90 p 2

[Interview with Dieter Bremher, chairman of the Upper Silesian Charitable Society and secretary general of the Supreme Council of the Associations of German People in the Polish Republic, by Stanislaw Zielinski; place and date not given: "More Fear Than Hope?"]

[Text] [Zielinski] The name Dietmar Brehmer has up until now been associated with the charity that you head. You are now secretary general of a supreme council that represents all German associations in Poland.

[Bremher] Yes, and against all appearances, these different fields of activity do not conflict with one another. On the contrary, they motivate me and stem from the desire to help other people and to recompense them for all the injustices that they have had to suffer. This comes from the very specific way that I relate to my German origins. Living in Poland, I am all too familiar with the enormity of the destruction and devastation that the Germans left behind them. I know full well—better than my compatriots beyond the Odra and Nysa [Oder-Neisse] Rivers—how much effort is still needed for the word "German" to be well received in Poland.

[Zielinski] Do you think that the rebirth of the German minority will serve this aim?

[Bremher] The word rebirth is confusing, because the German minority in Poland has always been here. At the end of the war the Germans were the majority in Upper Silesia. But this was the historical dilemma of this land. The later expulsion of the German population and a policy that was tailored to propagate the myth that Poland is a single-nation land, were not conducive to the teaching of the German language and culture. There was no chance of permitting official organization of minorities. Trying to do so meant persecution of whole families. You only had to make an application to move permanently to Germany and you would find yourself without work the next morning. There was no guarantee that you would actually leave, either.

Today, if we want to build a new order in Poland we must openly acknowledge all past realities. There is still too much simplification, such as attributing the rebirth of German minorities to the bad economic situation. The persuasive evidence is the fact that the majority of these potential Germans do not even know their own language. My question is: Where were they supposed to learn it? In Katowice, only one high school was allowed to teach it. The language was banned from schools and adult education institutes further west. The thaw came in the 1980's with "Solidarity" calls for human rights. We should take minority matters for what they are and we should not be surprised to see that German societies are forming in Upper Silesia, namely, in the present Katowice, Opole, Czestochowa, and Bielsko Voivodships, as well as in Olsztyn, Gdansk, and Torun. They are also in Pomerania, Wroclaw, Jelenia Gora, and Walbrzych, namely, everywhere where it is ethnically and culturally justifiable.

[Zielinski] What are the aims of the Supreme Council?

[Bremher] First, the aims that we do not have. We shall not be organizing a mass exodus of Germans from Poland to Germany. On the contrary, we shall be creating the conditions that will give the German minority a chance to lead fulfilling lives here in Poland. That is why our supreme council will not interfere in the work of local associations, who, after all, know the role they can play within their own localities. We would like to coordinate the initiatives of various separate groups of people of German descent. Organizationally, this is necessary, because knowing the interests of each separate group we can lobby parliament, the government, and other institutions in Poland, as well as in the reunified Germany,on their behalf.

Our estimates—although we do not have the complete figures—show that there are 700,000 people of German origin in Poland. Many other issues need to be settled. We consider that the problem of dual citizenship for people on both sides of the border, free movement, transfer of capital, and so on, must be resolved. All this cannot be accomplished without distancing ourselves from the past. The process must be seen from the point of view of the European home.

[Zielinski] There is no lack of fear that the creation of German minority societies will create local antagonisms. The release of nationalisms on both sides of the border will not bring us any closer to Europe.

[Bremher] We have to close the chapter of the totalitarian past, the Hitlerite and the Stalinist versions, and we have to build a democratic future, which is our hope. Today, the German in Poland cannot be a German nationalist, he has to be a European. The Poles will also evolve in this direction and this will mark out the fields of future cooperation. For example, it is in the joint interest of Poles and Germans to try and save Upper Silesia from becoming a civilization backwater. First, we must abandon the hackneyed views of each other that we both have. These are relics from the past. On the road to Europe, we must overcome many prejudices, especially our personal ones.

Jaruzelski Receives Yanayev, Delegation 18 Oct

LD1810215490 Warsaw PAP in English 1835 GMT 18 Oct 90

[Text] Warsaw, Oct. 18—Polish President Wojciech Jaruzelski received today a Soviet delegation headed by Genadiy Yanayev who is member of the Politburo, CPSU Central Committee secretary and deputy to the USSR's Supreme Soviet.

They discussed the processes now unfolding in the two countries and Polish-Soviet relations.

The Soviet visitors, who have come to Poland on the invitation of the main board of the Social-Democracy of Poland, had previously held numerous meetings: with Sejm Speaker Mikolaj Kozakiewicz, Senate Speaker Andrzej Stelmachowski and other parliamentarians. They also met with Bishop Jerzy Dabrowski of the Polish episcopate.

On Friday, the delegation will visit the coastal town of Szczecin.

Skubiszewski Statement on Belorussian Talks

LD1810205590 Warsaw Domestic Service in Polish 1900 GMT 18 Oct 90

[Text] One cannot say that the talks held in Minsk were finally unsuccessful, for we spoke for a long time about certain matters and this is just the beginning, declared Minister of Foreign Affairs Krzysztof Skubiszewski, in a statement made for Polish radio in Bialystok. Instead of a declaration, added the minister, we have returned with a communique about further talks on matters which need it, which do not, however, include the borders. This matter has been handled.

Importation of Foreign Radioactive Waste Banned

LD1810190790 Warsaw PAP in English 1532 GMT 18 Oct 90

[Text] Warsaw, Oct. 17—On the initiative of the State Atomic Agency, a protocol was signed today banning the importation of radio-active waste into Poland from foreign sources.

As well, the border guard and customs officials have announced plans to improve their ability to detect and stop such radio-active material from crossing over Polish borders.

Roman Presents Economic Report to Parliament

AU1810130090 Bucharest Domestic Service in Romanian 0810 GMT 18 Oct 90

[Prime Minister Petre Roman report on economy to joint session of Parliament in Bucharest on 18 October—live; monitored in progress]

[Text] ...we feel this is closely linked to work ethics because banks will issue credit based on the stability of income and the work history of the applicant. It is known that in the system of state ownership, where everything was decided on the basis of central orders, money was reduced to a simple calculation unit. The decades of centralized planning and dogmatic communism have pushed our banks and national currency to the periphery—in the most dangerous way—not only abroad, but also at home.

The banking reform and the measures we promote bring back the currency, banks, and credits to the center of the Romanian economy. In accordance with the new draft banking bill and with the tasks resting on it under its status of being the main bank, the National Bank will no longer finance industry and trade directly.

By placing a ceiling on credits from other banks on the basis of economically set interest rates and the firm control of funds, as well as through other specific instruments of the monetary policy, the National Bank will be able and will have to decide on precise and temperate general means of credits by assuming complete responsibility for the loans—something that is required to protect public interests.

Fiscal taxes and budgetary expenses are the second great category of economic policy through which the government can operate to stabilize the Romanian economy and maintain its balance along with liberalizing prices. The tax system is both an instrument of general action in the national economy and one of the most effective levers of selective policy aimed at structural changes and at encouraging or discouraging certain activities. First, budgetary expenses constitute the driving force that activates the whole social security program and facilitates the carrying out of activities of the greatest public interest which are vital for the existence of our nation: defense, education and instruction, health, science and culture, and the state administration. Second, along with the formation of the market economy mechanism, the general regulation of budgetary expenses and their correlation with taxes constitute powerful instruments of the macro-economic policy.

The government has submitted the bill on public finances to Parliament. At the same time, we have finished the drafting of the bill regarding taxes on profits which, among other things, provides for equal treatment in levying taxes for all Romanian or foreign economic agents—state or private. The tax system we have worked out is a progressive one; however, the general level of levying taxes may be viewed as lower than the level of other countries. Thus, it is a stimulating system for the economic and investment activity, including foreign activity. We, therefore, demonstrate that we are not against profits in general and this also applies to private societies. We want profits which are more correctly distributed through incentives for activities yielding social profits and through the tax system.

We are, however, fully aware that excessive taxes may stifle activities on which taxes have been levied. Or, so to speak, taxes which are too high lead to their own cancellation.

With the help of foreign experts, we are preparing an important bill which deals with taxes on capital gains. Our aim is to replace the lapsed system of taxes on goods turnover with the taxes on added value—a modern tax system which has been successfully applied by countries with a market economy in the past decades.

The bill on income tax is also almost finished. We are preparing the bill on customs duties, which promotes relatively reduced customs duties to encourage competition and balance out our domestic market.

Finally, we are in the process of working out the bill on financial and bookkeeping control as one of the major legislative initiatives that proves our concern with protecting public interests. The law provides for establishing a financial guard, thus making available a powerful, flexible, and efficient instrument for the Ministry of Finance, the government, and for the state authorities in general with a view to implementing and verifying the fiscal and budgetary policy.

Thus, the government has made considerable efforts to work out a comprehensive set of laws constituting the new fiscal-budgetary and financial-banking framework.

Ladies and gentlemen, as you know, our country's balance of payments has greatly deteriorated this year, which has led to a drainage of our foreign currency reserves. Before posing the problem of making new foreign debts, the urgent and topical problem of financing existing deficits from abroad is raised. We cannot project a certain trade deficit before knowing whether we will be able to ensure financing from foreign sources. For a country like Romania, which is in the process of passing to the market economy and which has to resort to extensive economic restructuring, the deficit of current payments is normal according to all rules of economic theories. Actually, the necessary foreign capital is dictated by this deficit. The problem posed is to maintain this deficit within reasonable limits in accordance with the achievement of credits and entry of foreign capital.

Starting out from these considerations, the government has made efforts to ensure an appropriate foreign financing, mainly from specialized international institutions: the IMF and the World Bank. The recent visit of the IMF general director to Bucharest and a piece of news I received yesterday—particularly positive regarding assessments of our reform—proves that our former steps are taking shape with regard to the financial help on the part of these institutions.

An essential element of the program for the transition to the market economy is privatization. Despite our efforts to complete this process as soon as possible, it depends on our people's desire, as well as the availability of real capital in the economy. Privatization is not an aim in itself and we cannot tolerate the formality of a simple distribution of the value of state capital among individuals if this capital has no monetary coverage or (?financial) assets. The government's proposal is that, within three years, at least 50 percent of the capital stocks of the economy should be privatized in Romania, beginning with those sectors in which the share holding investor is able to soon see that privatization is profitable for him and beneficial for the enterprise in which he has invested.

This is why we want to begin privatization as soon as possible in agriculture, the food industry, the light and furniture industry, the durable consumer goods industry, housing construction, and in all public catering units, hotels, restaurants, domestic trade, and automobile transportation. The privatization process bears in mind the following principles: establishing the value of shares or social shares which are being sold in a differentiated way according to branches and enterprises; involving employees in the decision on the value of shares put on the market within legal limits; granting aid in the form of credits for the sale of shares or social shares belonging to enterprises characterized by low profitability; giving preference to employees who want to buy shares in the enterprises in which they work either against valuable assets or for money, including aid in form of credits or purchase shares [word indistinct]; and establishing shares and social shares available for foreign capital.

Ladies and gentlemen, the analysis and arguments presented here demonstrate that the acceleration of the reform is an absolute necessity. The crisis our economy is going through requires, in turn, exceptional and urgent measures. Under these circumstances, the government asks Parliament to bestow greater competence on it in connection with implementing economic reforms. In this sense, in the next six months, the government has to be able to effectively introduce or modify taxes and fees, provided that they are then submitted to Parliament. In the same time frame, the government's authority should be recognized to informally apply certain bills—in accordance with new regulations—and to generalize their application in sectors of the economy which were not completely poorly organized. On the other hand, the government must be able to initiate the negotiation and contracting of foreign financial credits guaranteed by the state, especially to ensure an equilibrium of the balance of payments.

Finally, the government asks Parliament to adopt—as an urgent measure—the bills on trade unions, solving work conflicts, the protection of the unemployed, public finances, banking reform, and all fiscal laws.

The success of the economic reform and the possible and effective acceleration of this reform obviously depend on the quality and renewing spirit of the people at the various levels of decisionmaking in the application of the government program and in applying the laws on the reform.

No compromises can be tolerated any more in this respect. We have reached the threshold where there is no alternative. We have to operate with the reform and affirm that it is necessary. The application of the reform, however, will be an illusion as long as those who are directly responsible for it do not have the ability or desire to apply it. We, therefore, are determined to include the aspect of changing the decisionmaking apparatus at all levels into the very process of implementing the reform.

No matter how difficult it will be for us to set up this new apparatus, we will maintain—without hesitating—the position to attract to this reform the most capable people who have the necessary qualification and are open to the application of this reform. This government position is not only a measure to support the reform, but the very stability or authority of the state in the process of the reform is strengthened through the immediate blending of the new concept: the people.

There is no relaxation in the nature of government activity; it was set up to struggle. The government's style of activity necessarily includes an appeal for parliamentary support. The government's ties with the international community are also imperative. Nothing, however, is above its links with the country. It is our duty to rally the efforts of all people who love this wonderful homeland.

A very difficult dilemma burdens us. We cannot do all things at the same time, but we should. Yet, an old Transylvanian saying says: To do what is possible means almost to do what is necessary.

Thank you. [applause]

ROMPRES Comments

AU1810163090 Bucharest ROMPRES in English 1246 GMT 18 Oct 90

[Text] Bucharest ROMPRES 18/10/1990—

Economic Performance Over 1 January 30 September 1990

The economic performance over this period discloses an inefficient activity in most of the branches and sectors of the national economy.

That period saw a deterioration of the national income formation activities in absolute terms, reflected in the 27.7 percent drop in net industrial production, i.e. in added value.

The electricity consumption per net production index (kw-hr [kilowatt/hour] /1,000 lei) increased by 23.7 percent.

Productivity in the all-country industry in terms of commodity production has dropped by 22.8 percent.

As concerns the money supply, against the background of a 16.7 percent shorter working time, the total wage fund has increased by 11.2 percent and the total money incomes by 26.1 percent.

Inefficiency in many areas is behind an 88.3 percent realization of state revenues, as budget spending has increased substantially.

The rising money incomes of the population have put the purchasing power of the leu under greater real pressure. So, for instance, on 1 January 1990 for one leu in circulation there were 19 bani worth of commodities, and now there are only 14 bani worth of commodities, with prices and tariffs rising by just 2.2 percent. If the present trend is maintained, a 10-bani level may be reached, and this is in effect an inflationist trend.

Another unfavourable situation is that of realized investment in the first nine months, which is 23.1 percent below what was planned, and 44.6 percent below last year's level.

It should be said that had exports in the first nine months of 1990 been around 80 percent of the volume achieved in the same period last year, we would have had a balance-of-payments surplus in hard currency (132 million dollars).

But, with exports at 54 percent or so of last year's performance and deliveries to the market 0.9 percent down on last year's level the balance should be sought in unfinished production or in stocks which were worth 328.8 billion lei, or 57.3 percent of the commodity production in the first half of the year. This points to an anti-economic and anti-social management of resources.

This is the moment of truth. Ahead of us are two winter quarters, and a trade deficit in the range of 1,200 million dollars per quarter is expected if we continue along the same line. This is a price that cannot be accepted both from an economic point of view and from that of real credit facilities.

The solution is a firm treatment comprised in the basic reform principles.

The Legislative Shock

We remain true to our word, namely that reform should start with a legislative shock, and are decided to speed up the pace of bills we sent to parliament.

Of the bills that the government sent to Parliament, unquestionably the most important for economic reform is Law 15/1990 on the reorganization of state economic units into autonomous companies and commercial societies.

The government prepares a bill on foreign capital investment under which foreigners can own, establish and operate funds in Romania which must not necessarily be established into commercial societies. What we particularly aim at is to develop resources that we ourselves cannot use to advantage for lack of money or of technologies, and to increase the operational efficiency of certain Romanian units that would otherwise be deprived of expertise and the means for better management, optimization of investment and re-equipment.

To give effect to the laws that were enacted, the government has issued decisions on how public units or property can be leased, on how domestic and foreign trade as well as tourist units can become commercial societies, etc.

The time since the current government was formed has been too short to allow the enactment or good progress in Parliament of other normative acts that indispensable for a coherent and efficient reform process fiscal laws, budget policy reform, the regulation of financial-accounting control of public activities, etc.

Price Liberalization

It is likely in the short term that price liberalization as a measures that the government must urgently take will not set prices in a real relationship by reducing the current levels. However, liberalization especially when it is accompanied by competition, does not necessarily mean price rises, it may also cause prices to drop. But this is the price we must pay to have shops full, fight corruption and unlicensed activities, stimulate viable economic agents and revive the economy.

We are not supporters of savage liberalization. We plan a liberalization accompanied by such social safety measures as the present state of the economy allows. Along this line, the government policy is a free price formation on the basis of a concerted demand-and-offer action for those products, works or services that are supplied by at least three economic agents.

In order to make economic agents carefully manage the basic raw materials, fuel and energy so that by reducing the present high consumption to relieve the pressure on offer, the government set the prices of these commodities at a higher level, also in an attempt to bring the rate paid by economic agents in line with that paid by the population. This is a point we want to make because it is a departure from the policy of the old regime where the citizen had to pay from his pocket for the waste in industry.

On the other hand, a decision was made to devaluate the leu against the dollar as of 1 November 1990 setting a 1:35 rate of exchange for the whole economy. This is a measure apt to reduce the unaccountably high consumption levels in industry by making imports more expensive, to discourage the black-market exchange rate of hard currencies, to stimulate exports by making them more efficient and to attract foreign capital investment. One rate only for import-export operations may show which exporters fail to make profits and give an idea of state subsidies. The new exchange rate and its effects coupled with the experience that will be gained in hard-currency sales at auction between Romanian economic agents will more accurately show what the leu-dollar rate is so that corrections can be made.

The new price formation system calls for a changed, flexible commodity circulation tax that will be levied on the basis of percentage quotas extended to all economic agents whatever their form of ownership and the fixed quotas system will be dropped.

Social Safety

For social safety purposes, the government as part of the its price liberalization policy plans to keep unchanged the retail prices of energy and fuel, and the rents for the population until early 1992, for which end subsidies shall be paid in the range of 25 billion lei for the whole year 1990.

For basic foods, the so-called "daily basket" and for certain industrial products and services that account for a significant share of the population's consumption, the prices will be raised but not above the ceilings set by the government, so that the higher energy and raw materials prices should reflect as faithfully as possible on the producer's expenditure and help him achieve a high efficiency to meet all the costs that make up the price. The new prices of the said products shall remain unchanged for at least one year, during which time each citizen whether an employee or a pensioner shall be paid a fixed tax-free compensation by the state.

Finally, the prices and tariffs of the consumer goods and services that are unessential for the population, but on which a civilized standard of living depends, will fluctuate freely, but salaries and pensions shall be correlated to their predictable average monthly price rise index.

This mechanism is so conceived as to protect the consumer through subsidies and give the producer such freedom of movement as the market rules allow.

In the above conditions, the government plans to protect the population's money deposited in savings banks or in commercial banks, after the banking reform is made. The interest rate on the money put in savings banks by the population will also be liberalized. We do not intend to make a monetary reform.

While showing all these social safety measures that the government plans, we must stress that they are aimed mainly at those segments of the population who cannot work: pensioners, children, mothers of newborns. It is for them that an additional system of benefits will be put in place.

Economic Competition

On a macroeconomic level, a host of competing free economic agents is a sure way to stimulate industrial growth. The 50,000 free entrepeneurs or so, of which 146 are companies set up jointly with foreign capital that appeared on the market this year, for all their frustrations resulting from the tendencies of department red-tape or local administrations to marginalise them exist and continue to stay because the market has recognised them. Why? Because they take over part of the unavoidable cost of market growth; because they naturally oppose the unlawful flow of commodities away from the market; because they sometimes give the green light to new technologies, new products that are not favoured by the large industry; and finally because they help give credibility to new industrial activities.

As the property of enterprises is evaluated and development funds are formed we plan to stimulate the creation of new commercial societies. These new entrepreneurs are the fresh air in the economy, the sure way to develop competition. In the face of these entrepreneurs, commercial societies and even autonomous companies, set on the old industrial complexes and conglomerates, will not stand a chance to government protection. We need competition in the production of value more than anything else in our economy. Mobility, creativity in small and medium-sized enterprises can successfully compensate the limited capacity of investment for development.

The government is determined to shake "the conjuration" of residual old inert administrative structures that dilute the scope of government laws and action, to perseveringly work in order relieve the economy of the constraints of centralist, pro-bureaucratic reflexes.

And this, not by willful action on the human factor, but mainly by attacking the roots of the system. However, if until now, distortions were maintained by false prices, their liberalization leads painfully, that is true to balance and gives the impulse to find and keep one's place in the market. Secondly, the devaluation of the national currency along with the use of the real foreign- market price in the bookkeeping system of enterprises, and the passage to a hard-currency sales at auction put in place the reliable premise for a gradual passage to convertibility as of 1 January 1991. All these factors stimulate competition, not only on the home market although this is our prime concern but also on the international market, they give the enterprise a sense of necessity, a vocation for a long-term strategy in which the market is decisive for the micro-economic policy option.

Making Enterprises Profitable

An end to the structural imbalance of the economy is the condition for a break with shortages. With the capital we have in stock we can ill afford the waste to continue with non-profit-making at the expense of the state. Nor can we morally afford this, because a stimulative salaries law can hardly accept to have scores of thousands of employees doomed to earn a minimal wage for many years when the quality of their training entitle them to more.

With a rigorous evaluation of the domestic resources and of those we can attract through imports of raw and subsidiary materials, energy for which we must create at home the means to pay and of the capital import, we must firmly embark on the process of re-thinking the dimensions of economic activities by restricting certain units that use up resources but fail to make a profit.

Now, when the market is the reflex of disfunctionalities, and the only way to maintain it was by thriftily managing the resources and maintaining a coherence in order to prevent the deterioration, the collapse of the economic mechanism, we are resolved to promote the development of a new equilibrium in to ways: To stimulate competition in order to create close and good-quality links between economic agents, and between them and the market; and to give them freedom of action coupled with a substantial reduction of material balances from about 2,200 in 1989 to around 600 in 1991, of which 168 at a macroeconomic level. Their administration aims both to restructure and to give equal treatment to all enterprises whether state-owned or private.

We plan to use economic and financial instruments to protect the social capital we now have, more specifically that part of it which can, through a re-equipment effort, through a revival of technological lines and plants, be brought to real producer status, to the status of adding value.

Further on Roman Report

AU1810205090 Bucharest ROMPRES in English 2000 GMT 18 Oct 90

[Text] Bucharest ROMPRES, 18/10/1990—

Fiscal Policies

Taxation and budget spending make the second large category of economic policies for the government to operate in its attempt at stabilizing the Romanian economy and maintaining a balance once the prices have been liberalized.

The taxation system is both an instrument of general action upon the economy and one of the most efficient levers of selective policy, apt to effect structural changes, to encourage or to discourage certain activities.

Budget spending primarily represents an engine that sets in motion the whole social-protection programme and provides for the implementation of activities of utmost public interest, which are vital for the existence of the nation: defence, instruction and education, health care, science and culture, state administration.

Secondly, with the formation of market-economy mechanisms, the general regulation of budget spending and its correlation with taxation are powerful instruments of macro-economic policy.

The government submitted to Parliament the law of public finances. Furthermore, we completed the law on profit taxes which, inter alia, provides for equal taxes to be levied on all economic agents, either Romanians or foreigners, either state or private ones.

The taxation system envisaged is a progressive one, but the general taxation level may be considered as low if compared with the level in operation elsewhere in the world, which, therefore, means that it encourages economic and investment activities, external ones included.

In this way, we actually prove we are not against profit-making in general, therefore, not against profits made by private companies either.

However, we wish that profit would be more correctly distributed through instruments that encourage activities with a social profit and through taxation instruments.

We are aware that excessive taxation may stifle activities on which taxes are levied or, as the saying goes, "too much taxation might mean its annulment."

We are also preparing the content of an important draft the law of the value-added tax with the help of foreign experts.

Our orientation is to replace the obsolete form of tax on goods circulation with the value-added tax, a modern form of taxation which has been successfully experimented in countries with a market economy in the last few decades.

Having reached a final stage is also the bill on the pay tax. We are preparing a customs law which envisages relatively low customs duties to encourage competition and balance the home market.

Finally, we are drafting a law of financial-accounting control, as one of the major legislative initiatives showing our concern to protect public interests. The law provides for the creation of a financial comptroller, which means that the Ministry of Finance, the government and state authorities in general will have a flexible, though efficient instrument at their disposal to implement and verify the fiscal and budget policy.

Therefore, the government has made considerable efforts to work out a comprehensive package of laws providing a new fiscal-budgetary and banking-financial framework.

Balance of Payments

As you know, the country's balance of payments deteriorated substantially this year, which drained hard currency reserves.

Before discussing the making of a new foreign debt, the urgent, stringent question arises of financing existing deficits from the outside. We cannot plan a certain trade balance deficit unless we know external financing sources can be secured.

The deficit in current payments in the case of a country such as Romania is, that is, a country that makes a transition to the market economy and has to effect deep-going economic restructuring, is normal according to all the rules of economic theory. As a matter of fact, it is from this deficit that the necessary external capital results. The question is to maintain that deficit within reasonable limits, in keeping with the inflow of foreign capitals and credits.

With such considerations in mind, the government tried to ensure corresponding external financing, primarily from specialized international institutions the international monetary fund and the world bank. The recent visit the IMF director-general paid to Bucharest shows that our previous demarches have yielded results as far as the financial support from these institutions is concerned.

Privatization is an essential dimension of the programme for a transition to the market economy. No matter how hard we try to complete this process as soon as possible it depends not only on the people's will but also on the real available capital in the economy. Privatization is not an aim in itself and, therefore, we cannot accept formalism by merely redistributing the capital from the state to the individual unless it has a monetary correspondent or a correspondent in financiary assets.

The government suggests that at least 50 per cent of the economy's capital stock be privatized in the next three years starting with the sectors where the shareholder-investor shortly notes that privatization is remuneratory for himself and beneficial for the enterprise in which it was placed. That is why, we intend to open the privatization process in agriculture, the food industry, the light and the furniture industries, the consumer goods and durables industries, housing construction, services to the population, hotels, restaurants, home trade and road transport as soon as possible.

Privatization relies on the following principles:

Differential sizing of the parcel of stocks or social shares to be put on sale by branches and enterprises;

Involvement of employees in decision making on the sizing of the parcel of shares to be put on sale, according to legal provisions;

Granting of facilities in the form of credits upon the sale of stocks or social shares belonging to low-profitability enterprises;

Granting of preferential rights to the employees who want to buy shares in the enterprises where they work in exchange for either bonds or cash, including facilities in the form of credits or on-term buying options;

Establishment of parcel of stocks or social shares open to foreign capital.

The Need To Speed Up the Reform

The analysis and arguments that have been set forth prove that the acceleration of the reforms is an absolute necessity. The crisis in the economy calls for exceptional, emergency measures. Under like circumstances, the government calls on Parliament to grant it greater competence as far as the achievement of the economic reform is concerned. In this respect, in the next six months the government must be allowed to operatively introduce or change taxes and rates and refer them to Parliament only afterwards. Furthermore, over the same interval, the government's aptitude should be acknowledged to apply a number of normative acts in advance or to generalize their application to economic sectors that were not altogether reorganized according to the new regulations. On the other hand, the government must be allowed to initiate negotiations on and external financial credits, guaranteed by the state, more particularly with a view to equilibrating the balance of payments.

Finally, the government calls on Parliament to urgently adopt the law of trade unions, the law on settlement of collective work conflicts, the law on the protection of the unemployed, the law of public finance, the law of the banking reform and the whole package of fiscal laws.

The success of the economic reform and the possibility to effectively step it up obviously depend on the quality and the innovating spirit of the people on various levels of decision making on the application of the government programme and of the reform laws. Compromises on this matter can no longer be accepted. We have reached a stage where we have no alternative any more: we must operate with the reform rather than state its necessity. And, the application of the reform will be a mere illusion as long as the people who are directly responsible have neither the capacity nor the wish to do it.

Therefore, we are determined to change the apparatus in charge on all levels as part of the very process of achieving the reform. No matter how difficult the making of a new apparatus is we will unhesitatingly maintain our position whereby we want the most capable people, boasting adequate training and adequate openness to the application of the reform to step in.

This political line promoted by the government is not only a step in support of the reform. The very stability and the authority of the state in the reform process are strengthened by an immediate blending of new outlooks with new people.

There is no moment of relaxation in this government which was born to fight.

The style of governing necessarily implies a specific individuality: if its links, the links of the government, with the international community are certain and indispensable, the link with the country either has and maintains an ability to crystallize the efforts of all the people loving this wonderful homeland or it ceases to exist.

A very difficult, insoluble dilemma burdens us: We cannot do everything at once and yet we must.

However, there is an old Transylvanian saying that goes: To do what is possible means to do what is necessary almost.

Salary Liberalization

We have been amply faced with a continuing drop in the volume of work in the national economy. This cannot be regarded as an achievement of the revolution, all the much less so as the change of labour norms had no logical, no economic support.

Of course, the government is aware that it cannot just ask for more work, even though this demand is fully justified. The government is determined to make decisions that can motivate people to work and put the best conditions in place for work to be carried on in the conditions in which the decision is made by the one who also has the responsibility. It is in this context that the wage liberalization policy should be set. Its basis is the principle of having lawfully set minimal salary levels differentiated by functions, professions and economic branches in view of long-term options that tend to promote a certain structural development model and of the demand to restore a fair social hierarchy in which the best paid are those who make profits, not the ones who use up others' profits. On the basis of these minimal levels and in consideration of each one's own financial situation, each enterprise will be able, in principle, to negotiate as part of the collective bargains such salaries as it may deem as fair, possibly higher. The employees must know that, under such circumstances, the level of their salaries depends on their productivity.

Certainly, this system runs the risk, actually verified in certain neighbour countries, that by raising the prices (there where they are free) but maintaining the level of production unchanged, not by increasing productivity to sell a larger amount of commodities at lower prices, enterprises may increase their revenues, hence the salaries fund. Such practice that has no perspective may particularly against the backdrop of price liberalization start an inflationist trend. Wherefore we also plan orientative salary ceilings the disregard of which may incur a salary tax rise of up to 95 percent. Furthermore, we also plan to discourage the rise in productivity through a larger number of personnel, not through a better utilization of production units, and possibly re-equipment. For that end, a tax must be set on the total salary fund deductible from profits that the enterprise must pay whenever the salary fund exceeds a certain percentage of the total spending by one economic agent.

We think that enactment of the trade unions bill and of the bill on labour conflicts, both of which were sent to Parliament, will stimulate work. A precise definition of the competence of unions and their sharp separation from the management process are mandatory for a normal course of the latter, for the benefit of employees first of all. Ambiguities in this respect bred tension and fear both of which are destabilizing and their sole result was a drop in production.

In its turn, the law on the settlement of collective labour conflicts can halt sudden, anarchic and abnormal walkouts. Thus, the right to strike must truly be the last efficient lever to be resorted to only after all the other ways of settling conflicts have been exhausted.

New Motive Forces in Economy

As part of the alternative economic scenarios we are preparing, the state uses the economic means it has at its disposal to expand or restrict the market, in order to increase the offer or demand, to strengthen certain entrepreneurs through subsidies or credits, as the case may be, so that by adding new elements to the picture at one time, it may generate the stimuli apt to develop a certain behaviour in economic agents. Their prompt and right reactions are therefore essential. The economic agents are the ones that should engage in market research and attract the complementary or supplementary agents represented by Romanian or foreign partners apt to generate and/or strengthen one's own effort, promote decision-making autonomy to get rid of the administrative authority or of the tutelage administration that some people still expect to provide guidance, structure production in relation to demand, optimize a horizontal exchange of activities on the basis of the conclusion and execution of the contracts.

The ministries have begun to organize in order to fulfil the state's position as shareholder of commercial societies. Therefore, the reform implies and generates new processes that concern every link in the economic and administrative structure.

Unemployment

Unemployment is another problem of our economy. We have to cope with concealed unemployment: according to the institutionalized criteria so far, the pattern of unemployment is the following: 120,000 registered applications to employment offices, of which 50,000 are still unsolved, and 70,000 high-school graduates who are jobless.

In the transition period, Romania may have to cope with a pressure of labour offer on demand. Estimates have shown a growing capacity of labour absorption in such fields as textile and leather industries, agriculture, construction, the cooperative system, local administration and financial management. In 1991, besides the employment problems raised by about 700,000 persons—underemployed this year—we expect another 300,000 or so high- and higher-school graduates to apply for jobs.

To avoid the negative effects of unemployment, the government aims to take specific action to:

Reorient the jobless to areas that are underdeveloped in our society; Romania's tertiary sectors employ some 300,000 or about 27 percent of the working population, which compares with 68 percent in Belgium and 53 percent in Austria. We regard services of all kind as the sector with the largest potential for the absorption of the unemployed;

Reorient to areas plagued by labour shortages such as drilling-extraction, agriculture, construction-assembly and public works more particularly;

Retrain for trades in demand on the labour market;

Multiply economic agents, especially on the basis of private initiative;

Formulate an adequate policy for about 80 percent of the yet unanswered job applications by women.

A normative act is being considered by Parliament on unemployment benefits as a social security form for persons who can work but who are temporarily out of work.

Agriculture

The positive tendencies and processes in agriculture, that can be summed up as a vigorous reaction to the liberalization early this year, which took us at least as far as certain products are concerned from shortage to self-sufficiency can be sustained only by a reform of substance. Here again the legislative setting is a prerequisite.

The government has prepared with considerable effort a package of laws, of which some have already been sent to Parliament the land bill, the law on cooperative companies, the land survey law. These laws proclaim the farmers' landownership right, and their freedom to opt out or not of the former cooperative farms. The present members of cooperatives who were landless at the time they joined the cooperative farms are entitled to land ownership without compensation and so are the descendants of the farmers who contributed their land to the cooperative farm, descendants who contemplate a return to agriculture. Rural teachers, physicians and other intellectuals who settle definitively there in their own homes will also have to qualify for land ownership.

The government submits to Parliament also a package of regulations to prevent an excessive scattering of land, under which the smallest technologically optimum land area is declared indivisible property. Furthermore, we considered and advanced such measures as to make land use an activity of national interest. Failure to farm the land may even compel its owner to lease it or even sell it to persons who have both the will and the potential to till it.

The government views the concentration of too large areas of land in the hands of one person as equally unwise, since it may discourage the development and conservation of village communities as true nuclei of national spirituality. So, limits should be set to land accumulation.

As concerns built-up areas or those subject to land improvement, they shall become the joint property of the present members of cooperative farms and are to be worked in common or leased to one or several farmers.

The present producer cooperative farms shall be able to withdraw whenever they want and are entitled to a land area equal to the one they brought along when they joined the cooperative. This form of association which is an alternative to the commercial society that entitles a shareholder who withdraws to take with him only the money equivalent of his contribution, may prompt the farmers to opt for the joint farming of larger land areas, which is technologically preferable.

As concerns the present state farms, the government takes the view that it would be good if they were changed into autonomous companies or commercial societies that can put large landholdings and advanced technologies to good use. They can supply a good part of the agricultural production to the population, to industry and to export.

With this legal setting, the government will pursue a policy of farm work guidance and stimulation by concluding contracts with farmers at guaranteed minimal prices and by financing selection and improvement research activities.

Finance

The decisive leap to the market economy the price liberalization should be made while maintaining internal and external financial balance. This can be ensured by adequate policy in the monetary, hard currency, fiscal, budget and credit domains.

The government started and encouraged the banking-financial and fiscal reform. Here too, the process of providing the new legislative and institutional framework should be speeded up, so as to allow for the banks and the budget to take over the task of stabilizing the Romanian economy.

The turning of the National Bank into a central bank, the articulation of the network of commercial banks, specialized banks and financial societies provide the requisites for promoting a genuine monetary and credit policy soon after the endorsement of the new laws on banking activity.

The currency is a priority. The consolidation by all means of the confidence in the leu and the radical improvement of the money circulation are urgent now.

The monetary disbalance that preoccupies us all, mostly inherited from the old regime, has grown sharper this year. Its major cause results from the rise in the population's incomes which is not matched by adequate growth of goods and services.

Likewise, the actual lack capital investments and the small variety of forms of saving have contributed to the accumulation of cash availabilities and liquid deposits with the savings bank, which are over tenfold bigger than the monthly sales of goods and services. Obviously, such a purchasing potential, which not even now has much choice of use, creates permanent pressure on commerce, dangerously deteriorating the look of the shops and the people's mind, in spite of the growth of goods sales.

The government further pays utmost attention to the increase and diversification of the offer of goods and services but, at the same time, the legislative procedures should be sped up, to allow for a considerable expansion of the purchasing sphere of the leu in domains which were forbidden until not long ago: land, constructions, productive means. The issues of state bonds, stock and other ownership titles, as well as the diversification of the forms of investing the savings will contribute to the creation of a diversified structure of attracting money availabilities in the economy which is in the end a factor of economic growth and stability.

Along with the law of sale of houses out of the state stock and the law of house building, the government plans to launch a concrete program of sale of the state housing stock and of house building, under the motto "for every citizen his own house." We think that this new program with positive effects in the economic domain, contributes to the consolidation of the psychosocial and moral climate.

By an adequate system of long-term credits, reasonable interest rates and fiscal incentives, we pursue that the disadvantaged strata of society too may afford buying a house. We see this in close connection with the ethic of labour, since the banks will extend credits especially contingent upon the stability of the incomes and upon the labour relations of the applicant.

It is known that in the system of state ownership, where everything used to be decided by central orders, money were mere calculation units. The decades of centralized planning and dogmatic communism most dangerously debased the banks and our national currency, not only on an external plane but also at home. The banking reform and the steps we envision focus the Romanian economy again on the currency, the bank and the credit. In keeping with the new bank bill and the attributions incumbent on it in keeping with its new status of bank of the banks, the National Bank will no longer directly finance industry and commerce. But, by setting ceilings to credits granted to the other banks at interest rates economically established, by a firm control of the mass of money and other specific instruments of monetary policy,the national bank can and must generate the general system of credits that should be rigorous and serious, fully responsible for the funds borrowed, deriving from the protection of public interest.

Iliescu Meets National Liberal Party Delegation

AU1810144190 Bucharest ROMPRES in English 0817 GMT 18 Oct 90

[Text] Bucharest ROMPRES 18/10/1990—As part of the talks with representatives of various political forces he initiated, President Ion Iliescu met on Wednesday evening with a delegation of the National Liberal Party (NLP) [PNL]—the young wing, led by Mr. Dinu Patriciu, president of the party.

Ideas and opinions were exchanged at length on the evolution of the democratic process in Romania and the restructuring of the economic mechanism in conditions of ensuring a social protection framework apt to favour a social climate propitious for the implementation of the envisaged reforms. In that context stress was laid on the need for a constructive opposition which besides setting forth clear, principled stances should also suggest solutions to the various aspects of the political, social and economic evolution of the country.

The delegation of the NLP—the young wing advanced a number of proposals, ideas and suggestions meant, in their opinion, to provide the framework for decent confrontations, to contribute to overcoming the difficulties confronting the Romanian society at present.

Hungarian Activist Queried on Rights Violations

AU1810192190 Vienna DIE PRESSE in German 17 Oct 90 p 3

[Interview with Andras Suto, Hungarian writer and human rights activist, by Peter Martos in Vienna; date not given: "You Cannot Tell People To Drink Water...."; first paragraph is DIE PRESSE introduction]

[Text] Vienna—Writer Andras Suto, one of the symbolic figures of the struggle for survival of the Hungarian minority in Transylvania, is currently in Vienna with about 50 other intellectuals to take part in the "Meetings With Europe." A Herder Prize winner, Andras Suto was beaten up so badly during the brutal Romanian riots in Tirgu Mures (Neumarkt) in March that he had to be hospitalized; since then, he has been blind in his left eye. Having been awarded an honorary doctorate along with Vaclav Havel by the Austrian PEN [International Association of Poets, Playwrights, Editors, Essayists, and Novels] Club last spring, he and his friends have just founded the Romanian-Austrian PEN Club in Vienna.

[Martos] How do you view the future of the Hungarian minority?

[Suto] I am not optimistic at all, because the alarming signals and signs of "regress" have increased too much. In the short period of time following last December, the Hungarian minority was looking forward to its future with general enthusiasm; these illusions soon disappeared. The promises that were made at the time have largely remained promises. Once the program on the rights of minorities was formulated by the Democratic Association of Hungarians in Romania, radical rightist Romanian circles, in close cooperation with a considerable part of the former Ceausescu apparatus, launched a counterattack aimed at completing Ceausescu's policy of destroying minorities.

[Martos] Some people claim that the Ceausescu apparatus has been restored....

[Suto] I would not formulate it this way, because there has been a basic reshuffling in the state apparatus, which was very positive in the cultural area, with Minister Andrei Plesu at the top. He is a true European; however, he is constantly exposed to fierce attacks.

The founding, however, of "Vatra Romaneasca"—its exclusive goal is to prevent any rights for minorities—has created a tragic situation for Hungarians in Transylvania. Not only the pogrom of Tirgu Mures on 19-20 March, but also the conflicts that have broken out between Romanians and Hungarians throughout the country, are attributable to the activities of "Vatra."

Unfortunately, their leadership circles are working in secrecy; they consist of forces of the former "Securitate" secret service, and, regrettably, Army officers have joined them. We have bloody experiences as a result.

[Martos] Could you give us an example?

[Suto] On 19 March, the Mures County chief, retired General Ion Scriecu, and Colonel Giudea of the city administration created the impression that they wanted to protect us against the fanatic, drunken, armed crowd and save us from being killed. When the two officers had guaranteed our security, we agreed to leave the loft of the totally devastated seat of the association.

When we came out of the door, the crowd rushed toward us by order of a local officer, and beat us up as Scriecu and Giudea, who were several meters away, looked on and did nothing.

[Martos] Did anything happen?

[Suto] Yes. Some days ago, I was informed that Scriecu reported me to the police because he thinks I am responsible for the events in March....

[Martos] Ion Iliescu, who was acting interim chief of state at that time, visited you in hospital in Bucharest....

[Suto] Yes, he assured my wife that the perpetrators would be called to justice. I need not stress that they have not yet been found.... Instead, Hungarians who struck back on 20 March in self-defense were imprisoned.

[Martos] What is the situation now?

[Suto] The farmers from Schiltal [in Transylvania] who were brought to Tirgu Mures bitterly realized that they had been misled. They were told, for example, that their children who go to school in town had been attacked by Hungarians. The people in town are afraid of barbarism, so the "Vatra" meetings have recently attracted fewer people.

It is alarming that there are anonymous, well-organized structures behind the masses, which are based on an aggressive core of the leadership. They advocate completing Ceausescu's three-step policy: imprisoning the leaders of the minorities, assimilating the masses, or forcing them to emigrate. Then the claim would finally be true that Romania is a national state without nationalities.

[Martos] They have almost been successful in this respect with the Germans....

[Suto] Yes, Bonn pays for their freedom. No one would purchase the freedom of the Hungarians. Furthermore, Germany is more attractive.

[Martos] Were the events a sort of catharsis?

[Suto] Unfortunately, they were not. A pogrom mood is prevailing now. The local Romanian newspaper, television, and ROMPRES, which misled the Romanian masses in March by spreading cynical and open lies, are now trying to create tensions in a similar way. They are spreading outrageous lies again.

Here is an example: A Romanian journalist who, under the influence of alcohol, had an argument with several compatriots; he had a very bad fall and died in the hospital of his injuries. The radical, rightist, fascist leading organ of the Bucharest press, the newspaper ROMANIA MARE (Greater Romania) headed by Eugeniu Barbu, described this as "another bloody deed" of Hungarian barbarians hunting Romanians with shepherd dogs. The newspaper even failed to immediately publish the police denial.

[Martos] Ceausescu's ghost writer Corneliu Vadim Tudor and his "court poet" Adrian Paunescu have come back....

[Suto] The tendencies toward "regression" have serious supporters; they even have initiators within the present top leadership. Why should I be surprised that an internationally infamous man such as Paunescu comes back, if an important figure such as the former vice premier Gelu Voican-Voiculescu describes him at an international news conference as an important national poet? Why should we be surprised at the unrestrained and open enmity of "Vatra" against the Hungarians—propagating slogans such as "Hungarians back to Asia!" or "We are the people, you are the dirt!" or "We want to drink Hungarian blood!"—if Mr. Voican tells the staff of Radio Free Europe that the Hungarians should be eradicated, but adds that a politician cannot say such a thing.

[Martos] Voican is still a senator....

[Suto] He said that the Radio Free Europe cast was slander.

[Martos] What can the Hungarian minority do in this situation?

[Suto] That is not just a problem for minorities. It is a drama which is also taking place within the Romanian majority. The developments in the country determine the situation of the minorities. Their cause can only be resolved in a European manner, if we form an alliance with the progressive Romanian forces. It is a fact that following the bloody Bucharest events of June, forces and movements have emerged which are in solidarity with us and, therefore, exposed to constant attacks of the radical rightist Romanian press. I would like to mention Mircea Dinescu, the president of the Writers' Association, as a symbol of these positive forces.

[Martos] Are you waiting for others to fight for democracy?

[Suto] Unlike former representations, the leadership of the Democratic Association of Hungarians in Transylvania no longer says that socialism must be built first to automatically solve the problem of minorities. After having been misled so often, and having experienced so many disappointments, the Hungarians now propose using all instruments of the political struggle as part of the struggle for democracy. The Hungarians will not hesitate to organize demonstrations and strikes, and to turn to international bodies.

[Martos] How do you view your personal future? Are you going back?

[Suto] Of course. You cannot tell people to drink water while you drink wine. I called upon the Hungarians to take the risk, even though people have always been beaten simply because they speak Hungarian. I cannot stay away from this struggle.

[Martos] What is your source of hope?

[Suto] A positive aspect is that the present Romanian leadership is aware of the damage done to the country's reputation by the radical, rightist forces. There is some hope that, sooner or later, the Bucharest leadership will curb the extremist nationalist aspirations because it is considering the increasing international criticism of Romania.

I, however, cannot judge whether and how the government can resolve its internal differences. If it is unable to do so, a leadership with a totalitarian character could take over. It would, however, also be conceivable for the revolutionary forces of December to intervene again to ward off the "regress."

[Martos] Then even more blood would be shed.

[Suto] Just to think about that....

Final Federal Presidency Composition Announced

Mesic Named Representative of Croatia

LD1910103590 Belgrade TANJUG Domestic Service in Serbo-Croatian 0912 GMT 19 Oct 90

[Text] Belgrade, 19 Oct (TANJUG)—At a joint session of the Federal Chamber and the Chamber of Republics and Provinces of the SFRY Assembly, Stjepan Mesic has been proclaimed a member of the SFRY Presidency from Croatia.

The session has announced the composition of the SFRY Presidency: Bogic Bogicevic (Bosnia-Hercegovina); Vasil Tupurkovski (Macedonia); Janez Drnovsek (Slovenia); Borisav Jovic (Serbia); Dragutin Zelenovic (Vojvodina); Riza Sapundziu (Kosovo); Stjepan Mesic (Croatia); and Nenad Bucin (Montenegro).

Stjepan Mesic has read and signed a formal oath.

On behalf of the Assembly delegates, SFRY Assembly President Slobodan Gligorijevic has congratulated Mesic and hopes that he will carry out his responsible tasks successfully in keeping with the formal oath he has signed today.

Mesic Elected Vice President

LD1910103690 Belgrade TANJUG Domestic Service in Serbo-Croatian 0948 GMT 19 Oct 90

[Text] Belgrade, 19 Oct (TANJUG)—At today's [19 October] session (chaired by President Borisav Jovic) and in accordance with Article 327 of the SFRY Constitution and with the rotation system prescribed by the standing orders regulating the work of the SFRY Presidency, the SFRY Presidency has elected and proclaimed SFRY Presidency member from Croatia, Stjepan Mesic, vice president of the SFRY Presidency.

Mesic Notes 'Legitimate' Proposals

LD1910123390 Belgrade TANJUG Domestic Service in Serbo-Croatian 1100 GMT 19 Oct 90

[Text] Belgrade, 19 Oct (TANJUG)—Whichever way our nations organize their lives together, even if they go their separate ways, they will continue to live on this soil. With a view to this, all means should be deployed to find the best solution, that is, the one satisfying everyone in a peaceful manner. The outdated model pleases no one, Stjepan Mesic stated today at a press conference following the joint session of both chambers of the SFRY Assembly at which he was proclaimed a member of the SFRY Presidency from Croatia.

Reviewing Borisav Jovic's report which outlined a model for the federal system, Mesic made it clear that Croatian and Slovene proposals on a confederal order are also legitimate. He added that the SFRY Assembly will most likely discuss the confederal concept after democratic elections are carried out in all federal units.

Further on Mesic Comments

LD1910135690 Belgrade TANJUG Domestic Service in Serbo-Croatian 1127 GMT 19 Oct 90

[Excerpt] Belgrade, 19 Oct (TANJUG)—[passage omitted] He expressed hope that he will cooperate well with Presidency members and all players in the federation and the republics.

Reviewing Borisav Jovic's report published two days ago, Mesic noted that it presents well-known stands about the future life in Yugoslavia on the basis of a federal concept. It follows from today's address made by Mr. Jovic that other options are back in the game, including Croatian and Slovene proposals on a confederal system, which is also legitimate. A discussion about this concept will most likely be carried out in the SFRY Assembly after multiparty elections are held in all federal units.

I am convinced that, as Mr. Jovic said, reasons and arguments will prevail, and that the best solution is the one reached in a peaceful manner. All attempts to introduce the state of emergency in Croatia, he went on, were and will continue to be unsuccessful. Such attempts will also be unsuccessful in all other federal units. Democratic discussions and dialogue will win.

Replying to a journalist's question on whether he expects his cooperation with Jovic to be difficult, Mesic stressed that he does not think so, rather that there will be as much cooperation as there is respect for arguments and democratic debate. I believe that this house and this Presidency are capable of such dialogue, he added.

Asked how he views the possibility of intervention by the Yugoslav National Army in Kninska Krajina, Mesic said that its duty is not to resolve political problems in the country, but to protect its border. In reply to an additional question on what if, nevertheless, [word indistinct] (?civil) war, the vice president of the SFRY Presidency stressed that the military leadership is certainly not in favor of intervention. I believe that the leadership includes reasonable people. There are unreasonable people everywhere, including in the Yugoslav National Army, but they will not be given a chance. There is no fear that the national army could resolve our political problems. That would mean the end of the Army, Yugoslavia, and peace in these lands.

The journalists were interested in what Mesic considers to be his first task in his new post. He recalled that the SFRY Presidency is a collective organ in which all problems are resolved jointly. "My task," he specified, "is to bring a new spirit to this body and to rally my colleagues in favor of the confederal concept; to show them that this is a legitimate demand, and that it is for the good of all nations and nationalities."

Asked about the need to make adjustments in view of the differing stances on the future system of the country, he reiterated that everything which is reasonable and for the good of the people should be accepted, provided that it does not threaten the [words indistinct].

On certain dilemmas about the text [words indistinct], Mesic said: For as long as the Constitution and the laws are as they are, they should be applied; this is valid for the solemn oath as well. He noted that it contains a number of anachronisms, but that it cannot be changed at present. When the historic agreement of Yugoslav nations and republics is reached, we will adhere to it.

Commenting on the absence of some Presidency members at the time of his appointment, Mesic said that he was told that Nenad Bucin had a pressing matter to attend to in Montenegro, while the others were late because of traffic problems. Someone has to be blamed, he said as a joke.

He said: There is nothing mysterious in my not shaking hands with Veljko Kadijevic while entering the hall. We had previously met and shook hands in the assembly lounge. This was Mesic's reply to the question why the federal secretary for national defense was the only Federal Executive Council member with whom he did not shake hands.

Republican Representatives React

LD1910112190 Belgrade TANJUG Domestic Service in Serbo-Croatian 0933 GMT 19 Oct 90

[Excerpt] Belgrade, 19 Oct (TANJUG)—[passage omitted] The following members of the SFRY Presidency attended the joint session of both chambers of the SFRY Assembly and the inauguration of Stjepan Mesic as a Presidency member: Janez Drnovsek, Bogic Bogicevic, Vasil Tupurkovski, and Riza Sapundziu. Borisav Jovic, Nenad Bucin, and Dragutin Zelenovic were absent. The Federal Executive Council president, Ante Markovic, members of the federal government, representatives of federal bodies and organizations, Yugoslav People's Army representatives, and others attended the jont session and the inauguration.

In a discussion about the proposed item on the agenda "The Proclamation of the Newly Elected Member of the SFRY Presidency From the Republic of Croatia," Milos Aleksic, spokesman of the Serbian delegation in the Chamber of Republics and Provinces, asked to speak. He said that the Serbian Republic opposes Mesic's appointment to the SFRY Presidency, but that it was prevented from expressing its opposition through a democratic procedure envisaged by the Constitution. He said that in the last few days the Yugoslav Assembly has been many decisions that were conditioned and that could have led to a blockade of the work of the parliament. However, if Stjepan Mesic is proclaimed a member of the SFRY Presidency, the Serbian delegation will not obstruct the work of the Assembly.

Vaso Djukanovic, a delegate in the Federal Chamber, asked to speak. He demanded that the Legislative-Legal Commission and the Commission for Elections and Appointments establish whether conditions for Mesic's inauguration envisaged by the Constitution and the standing orders on the work of the Assembly have been met.

On behalf of a substantial number of Montenegrins, I am against Stjepan Mesic's election because his orientation is not pro-Yugoslav, Djukanovic said. If Mesic is proclaimed, he should know that [passage indistinct]. [passage omitted]

Serbs, Montenegrins Object to Election

AU1910131590 Belgrade Domestic Service in Serbo-Croatian 0900 GMT 19 Oct 90

[Djordje Vlajic report]

[Text] The 16th joint session of the Federal Chamber and the Chamber of Republics of Provinces has ended in the SFRY Assembly. Stjepan Mesic was proclaimed member of the SFRY Presidency from Croatia. Stjepan Mesic took the solemn oath and the session ended, with of course some congratulations that followed. However, during the discussion about the election of Stjepan Mesic, Milos Aleksic, president of the Serbian delegation, and Vaso Djukanovic [from Montenegro] expressed the disagreement of their delegations, the delegations from these two republics, with the election of Stjepan Mesic. I suggest that we now hear how they explained their disagreement.

[Begin Aleksic recording] Respected members of the Presidency, respected President, comrade President of the government, and members of the Federal Executive Council:

The election of a member of the SFRY Presidency is a constitutional and democratic procedure and his inauguration in the SFRY Assembly is a solemn and ceremonial act that implies the approval of the SFRY Assembly that the entire democratic procedure has been conducted in accordance with the federal Constitution. The Republic of Serbia does not agree with the election of Mr. Mesic as a member of the SFRY Presidency but has not been to express its disapproval through a regular constitutional democratic procedure of general verification which all previous members of the SFRY Presidency went through.

In the last few days in this Assembly we have witnessed conditions and ultimatums being set with regard to the order of the work of the Assembly chambers. This could have paralyzed the work of the highest organ of power and could have had unforeseeable political and state consequences. We consider this to be undemocratic and uncivilized forms of relations among the representatives of the federal units of our joint country. This was condemned here in the Assembly and in the public as an obstacle in the search through tolerance and understanding for the best possible solutions to the current profound crisis in Yugoslav society that would benefit all.

The delegation of the Republic of Serbia will never blackmail this Assembly, leave its sessions, and obstruct its constructive work to achieve its own narrow interests. We consider this irresponsible and an undemocratic act of political behavior. Therefore, during the inauguration of the member of the SFRY Presidency from Croatia, regardless of our disagreement, the delegation of the Republic of Serbia will not block the work of the SFRY Assembly.

Comrades delegates, our delegation holds the view that we face more important, more crucial, and historically more responsible tasks that we must fulfill. These tasks involve the duty and responsibility of all delegations of all federal units of the SFRY Assembly and the SFRY Presidency to define and set up a new state organization of Yugoslavia as a brotherly community of all its citizens and all its peoples in which we will live more peacefully, in more harmony, in work, and without hatred, conflict, and bloodshed.

Finally, I hope that this is our common vital and historic interest and that this is expected from us by those who gave us this mandate and whose wishes we express. This is what a democratic Europe expects of us, too. The delegation of the Republic of Serbia holds the view that this is the only road of hope and our common future. Thank you. [end recording]

Comrade Djukanovic from the Federal Chamber asked to speak.

[Begin Djukanovic recording] Comrade President, respected delegates, respected guests:

Before we proceed with the discussion according to the proposed agenda, I demand that the Legislative and Legal Commission and the Commission for Elections and Appointments establish whether there are conditions [unidentified background noise] envisaged by the Constitution and the rules of procedure for making decisions.

To not have to come to the rostrum again, I state in all responsibility on behalf of a large section of the Montenegrin people that this large section of the Montenegrin people is against the inauguration of Mr. Mesic a member of the presidency. The reason for this is his lack of Yugoslav orientation. Let me also add that, if Mr. Mesic is today inaugurated and proclaimed a member of the state presidency, then he should know that the text of the solemn declaration and oath which he will read differs completely from what he has demonstrated in his work so far. Thank you. [end recording]

The session voted on the proposal put forward by Vaso Djukanovic and was not adopted. After that, as I already said at the beginning, the delegates started to vote, express their opinions. This was followed by Stipe Mesic's inauguration as member of the SFRY Presidency.

After that Slobodan Gligorijevic, president of the Assembly, read the names of the members of the SFRY Presidency.

Mesic Sees Alliance of Sovereign States

LD1810215690 Belgrade TANJUG in English
1745 GMT 18 Oct 90

[Text] Zagreb, 18 Oct (TANJUG)—Yugoslavia cannot be a federation, but an alliance of sovereign, equal states formed under a new historic treaty on living together, said Stipe Mesic, candidate of the Yugoslav Republic of Croatia for membership in the Yugoslav State Presidency—the country's collective leadership.

Speaking at a celebration in the firm Chromos of Zagreb (capital of Croatia), Mesic said that the new constitutional order of Yugoslavia could not be imposed on [words indistinct] achieved by repression and threats with sending in the Army, but only through agreement after the holding of first post-war multi-party elections in all six Yugoslav republics. Elections were held last spring in Croatia and Slovenia, and are to be held in the other republics (Serbia, Montenegro, Bosnia-Herzegovina and Macedonia) by the end of the year.

Mesic also criticized Borisav Jovic, the representative from Serbia and current president of the State Presidency. He said that Jovic and another two to three members of the Yugoslav Presidency who hold identical views, are trying to impose a "modern federation," behind which is the idea about a "greater Serbia."

Mesic accused the scenarists of "greater Serbia" for the events in Kninska Krajina where Serbs (a majority population in that part of Croatia) took up arms. Mesic stated there were attempts to "push the republic of Croatia into repression, only as an excuse to send in the Army to stop democracy," but added that Croatian authorities would not allow any bloodshed.

Assembly Session Continues; Economic Debate Set

LD1810124390 Belgrade TANJUG in English
1117 GMT 18 Oct 90

[Text] Belgrade, 18 Oct (TANJUG)—The Federal Chamber of the Yugoslav Assembly continued work this morning with the adoption of alterations and amendments to a number of systemic laws.

The three-day parliamentary session of both chambers opened on Wednesday [17 October] with the seemingly nominal procedural adoption of the agenda, which broke down after no accord was reached on the demand by delegates from the Republic of Croatia that its new member of the State Presidency Stjepan Mesic be sworn in before Presidency President Dr. Borisav Jovic submits to the parliament a report about the country's contitutional crisis, political and security situation.

The Federal Chamber voted yesterday evening to postpone the debate about the report—which has handed out to delegates in written form and published in today's press—for Friday, immediately after Mesic's inauguration.

The Federal Chamber is also expected today to review current problems in the implementation of the macroeconomic policy with proposed measures by the government of Prime Minister Ante Markovic.

The government is proposing to the Yugoslav Assembly a revision of the federal budget. The republics and provinces have not given the proposal a green light in debates held in the various parliamentary commissions, so that the budget increase will probably be adopted as an interim measure.

No major opposition was expressed in the commissions to the view of the Yugoslav national bank's board of governors on the need for an extremely restrictive monetary policy until the end of this year.

Jovic Warns of Chaos, 'Civil War'

AU1910113190 Belgrade Domestic Service in Serbo-Croatian 0938 GMT 19 Oct 90

[Speech by Presidency President Borisav Jovic at a joint session of the two chambers of the SFRY Assembly in Belgrade—live]

[Text] Comrade President, ladies and gentlemen, and comrade delegates:

Even before agreement has been reached to hear the report by the SFRY Presidency on important and fateful problems of this country, the content of that report has spread through the world. We could hear the comment by world news agencies before we were able to hear ourselves. It will not be good if we react so slowly to the daily rapid deterioration of the political security situation in our country.

It is high time that the situation is comprehended in all its seriousness. It is the last moment for all of us to come to our senses and avoid the catastrophe that we are facing.

It is neither a coincidence nor without foundation that it is stressed in the report that we are directly threatened with the disintegration of the country, chaos, and civil war. It is also not stressed by accident that to prevent such a course of events we have tried everything within the rights given us by the constitutional and legal machinery, except the use of force, but without success.

It is obvious that the present constitutional solutions do not present sufficient opportunities for such a profound crisis to be successfully overcome and that one should embark on radically resolving this crisis. We have proposed a democratic and constitutional way out of the constitutional crisis, in order to avoid the use of the ultimate means at our disposal to prevent a catastrophe.

It is very clear that at least in our multinational community, force cannot separate the quarreling... [Jovic corrects himself] force can separate the quarreling sides, but these sides can be reconciled and live together only through agreement. Therefore a democratic accord is the only correct way to solve our problem.

We are convinced that there are profound reasons for our peoples and nationalities to live together in a joint state. This belief constitutes the basis of the proposals we have forwarded to the SFRY Assembly. However, even if we were not right in this respect, or if for any reason we were not supported, we cannot be denied the sheer truth that a peaceful solution is better than clashes and bloodshed.

Therefore an opportunity has been given to all options within the framework of the peoples' rights to self-determination, including the right to secession. The only option that is not acceptable is the imposition of one's will on others, the extortion of solutions for one's own interests at the expense of somebody else's, unconstitutional behavior, and the violation and undemocratic alteration of joint relations established on an equal footing.

We will not end well if we persistently work on arbitrary and unilateral changes of everything [Jovic corrects himself] of our position in the jointly agreed constitutional system of the country, not respecting the rights and interests of others, and rejecting a priori democratic procedures for resolving the crisis.

Let us not lose sight of the fact that we are the ones who will be responsible for the further course of events before the peoples of our country, especially before the young generation to which we owe peace and happiness, and not fratricidal clashes and bloodshed. There have been many disputes and many wars in history. History teaches us that clashes and wars were not able to resolve disputes, that problems had to be resolved through peaceful negotiations even after the wars.

It must be clear that it is the fate of our peoples to live on this territory, whether together or separately, and that they can and must resolve their disputes through negotiations and agreements, because clashes can only result in [word indistinct] innocent victims and tragedy.

Our situation requires that we all rise above narrow national and republican interests, especially that we rid ourselves of chauvinism and intolerance. Let us proceed from the fact that not all bridges have been destroyed, that there are still some opportunities to surmount the crisis in which we have found ourselves.

I invite you, under the conditions of full equality, constructively and with tolerance and mutual trust to devote our attention to finding solutions on which the fate of our peoples depends, with the sincere wish that the existing differences in the proposals which you have received from the SFRY Presidency will ultimately be overcome. Not only are we obliged to offer a hope to our disturbed and frightened citizens, but we also firmly believe that in these difficult times for our country we can justify the trust that they placed in us. Thank you. [applause]

Stresses Responsibility for Future

LD1910110490 Belgrade TANJUG Domestic Service in Serbo-Croatian 1016 GMT 19 Oct 90

[Text] Belgrade, 19 Oct (TANJUG)—From the platform of the Federal Assembly, SFRY Presidency President Dr. Borisav Jovic today called on all Yugoslav nations to cooperate together in the interests of a better future. Jovic was speaking at the session of both chambers of the Yugoslav Assembly.

"There will not be a happy outcome if we continue with quarrels and a lack of tolerance, all of which is leading to the collapse of the country, to chaos, and to civil war."

"Opposing sides cannot be separated by force; rather, their conciliation is only possible by way of a democratic agreement," Jovic stressed.

The Presidency president stressed that all options for the future of Yugoslavia are possible, instead of the imposition of ideas and solutions.

We are not only bound to offer hope to our anxious and frightened citizens, but I also firmly believe that we can justify the confidence which they have shown in us in these difficult times.

The address of Dr. Jovic to the delegates and the Yugoslav public met with loud applause.

Federal Chamber Elects New Member

LD1810124990 Belgrade TANJUG in English 1153 GMT 18 Oct 90

[Text] Belgrade, 18 Oct (TANJUG)—The Federal Chamber of the Yugoslav Assembly elected today Sabrija Pojskic (56) as new member of the government of Prime Minister Ante Markovic.

Pojskic's elections completes the 19-member make-up of the government, which operated for a time without one member after the departure of Dzevad Mujezinovic for the post of Yugoslav ambassador in the United States.

Pojskic comes is currently vice premier of the Yugoslav Republic of Bosnia-Herzegovina.

The new government member is a Moslem by nationality. He studied at Sarajevo University and has a master's degree in law.

Session Ends; Next Scheduled for Nov

LD1910103790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1020 GMT 19 Oct 90

[Text] Belgrade, 19 Oct (TANJUG)—Following the proclamation of Stjepan Mesic a member of the SFRY Presidency Borisav Jovic, a three-day session of the SFRY Assembly ended today.

At a session to be held at the beginning of November, the Federal Chamber will discuss the current political and security situation and efforts undertaken by the state Presidency to find a way out of the crisis. On Wednesday, 24 October, it will be announced when the Chamber of Republics and Provinces will discuss the same topics.

Presidency Approves Federal Organization Concept

LD1810143190 Belgrade TANJUG in English 1314 GMT 18 Oct 90

[Text] Belgrade, 18 Oct (TANJUG)—A qualified majority in the Yugoslav Presidency at a meeting held on October 16 come out in favour of the concept of a federal organization of the country and the contents of Presidency President Borisav Jovic's report to the Yugoslav Assembly's Federal Chamber, the State Presidency's Press and Information Office announced today.

The Presidency said this majority consisted of six members (of the eight-man Presidency) and that its announcement was being issued in response to certain public statements relating to the aforementioned meeting and with the aim of offering accurate and full information to the public.

All members of the Presidency except duly-invited Dr. Franjo Tudjman (deputizing for incoming Presidency member from Croatia Stjepan Mesic, who has not yet been sworn in) were present at the meeting, the announcement said, adding that this represented a legal working quorum.

Dr. Janez Drnovsek, Presidency member from Slovenia, took part in the entire meeting, when the Presidency members expressed their views on the country's future organization. However, Drnovsek did not participate in the editing of the text of Jovic's address which was carried out after the meeting, as he felt he could not contribute to the improvement of a (federal) concept with which he did not agree, the announcement said.

Accepts Conclusion on Jovic Report

LD1810191890 Belgrade TANJUG in English 1540 GMT 18 Oct 90

[Text] Belgrade, 18 Oct (TANJUG)—The Yugoslav State Presidency on Thursday [18 October] informed in writing the Assembly of Yugoslavia it accepted the conclusions made on Wednesday of its Federal Chamber that Presidency President Borisav Jovic submit his report at the joint session of the Federal [Chamber] and the Chamber of Republics and Provinces after a decision is taken on proclaiming Stjepan Mesic, from the Republic of Croatia, as Presidency member.

Jovic was on Wednesday to have submitted his report on a way out of the constitutional crisis and on the political and security situation in the country, but delegates from Croatia, supported by Slovene delegates, opposed this before the question of the Croatian representative in the federal state Presidency was solved. The debate on this, seemingly procedural question, was so spirited that at one moment it looked as if a blockade in the chamber's work was imminent.

The state leadership underlines that Jovic's report on solving the constitutional crisis was a document for orientation only and was open to amendments after discussions in the republican and provincial assemblies.

[Words indistinct] part of the report a federative order of Yugoslavia was urged, the remark that the nature of the report was meant as orientation only, and not as a definitive decision, should be taken as an attempt on the part of the federal State Presidency to forestall the possibility of being accused on Friday session of a fait accompli policy by Slovenia and Croatia, which both wish to see Yugoslavia as a confederation.

Croatia's Tudjman: Federal Concept Unacceptable

LD1810213190 Zagreb Domestic Service in Serbo-Croatian 1800 GMT 18 Oct 90

[Text] President of the Republic of Croatia, Dr. Franjo Tudjman, speaking today at a press conference for foreign journalists, said that if necessary the entire Croatian nation, both in the homeland and abroad, will fight to defend the democracy which has been achieved, because it no longer wishes to accede to any centralist or unitarist solutions which have shown themselves to be fatal for the economic and democratic development of Croatia.

Speaking about the federal concept offered by Yugoslav Presidency President Dr. Jovic, Tudjman said that this concept is centralist and unitarist, and is therefore unacceptable, not only for Slovenia and Croatia, but also for Bosnia-Hercegovina and Macedonia, which have already expressed this view.

There were several questions about the relationship between the federal and confederal concept, which is being put forward by Croatia and Slovenia. Dr. Tudjman stressed that the federal concept is supported by the minority, as was shown at yesterday's the Yugoslav Assembly session, since from the results of the voting it can be concluded that even Montenegro does not fully support this concept. Presenting its concept, Serbia claimed that it is supported by four republics, but it is already clear that it is opposed by both Bosnia-Hercegovina and Macedonia, and perhaps after the elections, by Montenegro as well, Dr. Tudjman said, adding that the Serbian Constitution goes against the proposed federal concept.

Replying to a question on guarantees of the rights of Serbs in Croatia, Tudjman replied that experts in Croatia have been asked to draft a document which will guarantee the rights of all minorities in keeping with civil and democratic achievements. He once again invited all interested institutes abroad to visit Croatia to ascertain the position of Serbs and national minorities.

Drnovsek Urges Dialogue on Constitutional Crisis

LD1810212890 Belgrade TANJUG in English 1636 GMT 18 Oct 90

[Text] Ljubljana, 18 Oct (TANJUG)—The theses that a military coup is the only way out of the constitutional crisis in Yugoslavia are absolutely unacceptable, Yugoslav State Presidency member from Slovenia Janez Drnovsek told a news conference here today.

Asked whether it is true that the Yugoslav State Presidency was not the supreme commander of the country's Armed Forces as of recently, Drnovsek said he personally was not informed about this, adding that that would mean there had already been a coup.

Drnovsek once again urged that all differences be settled through patient dialogue, with no hasty moves, and expressed his conviction that the forthcoming multiparty elections in other republics (Slovenia and Croatia already held elections last spring) would provide new conditions for overcoming the tense situation.

The main reason for the pronounced divisions in Yugoslavia is the "persistence of parts of the country for a strong federation which would suppress the sovereignty and independence of the republics", Drnovsek said, adding that this could lead to secession of certain federal units.

Drnovsek did not attend the Presidency's session lately and dissociated himself from its decisions. He said he would attend tomorrow's session of the Federal Assembly at which Yugoslav Presidency President Borisav Jovic is to submit a report on the settlement of the constitutional crisis and the political and security situation in the country, and was optimistic about the possible outcome of the session.

Claims 'Personal Safety' Threat

LD1910050190 Belgrade TANJUG in English 1652 GMT 18 Oct 90

[Text] Belgrade, 18 Oct (TANJUG)—The Yugoslav Secretariat for Internal Affairs and Yugoslav State Presidency General Secretary Anton Stari issued separate statements today saying they had not been aware that the safety of Yugoslav State Presidency member from Slovenia Janez Drnovsek had been jeopardized in Belgrade.

The statements came as a reaction to Drnovsek's statement on Ljubljana Radio yesterday when he said that he did not attend recent State Presidency and Federal Assembly sessions because he disagreed with members of the state leadership and [for] reasons of personal safety.

Drnovsek has not yet informed the Yugoslav State Presidency that his personal safety had been jeopardized in Belgrade. If his safety had been jeopardized, it would be normal that Drnovsek inform the members of the State Presidency about it, Stari told TANJUG.

The federal Secretariat for Internal Affairs, which is in charge of the safety of members of the State Presidency, said it had not been aware that the safety of any Presidency member, including Drnovsek, had been threatened up to now.

The statement added that, "In accordance with its legal jurisdiction, the Ministry has undertaken and is still undertaking all necessary measures for the protection of all members of the federal State Presidency".

Presidency Member on Federal-Confederal Issue

AU1810173490 Sarajevo OSLOBODJENJE in Serbo-Croatian 15 Oct 90 p 5

[Report on interview with SFRY Presidency member Bogic Bogicevic by Rajko Zivkovic; place and date not given: "A New Agreement Instead of a Treaty"]

[Excerpt] [passage omitted] **Denouement of Constitutional Crisis**

[Zivkovic] The prevailing views and beliefs expressed recently are that Yugoslavia is experiencing the most difficult constitutional crisis. The denouement of the constitutional and political crisis is therefore inevitable. How exactly do you see this denouement? What would actually be the most optimal solution for Yugoslavia, its citizens, and its republics?

[Bogicevic] In my view, neither of the two "pure" models that have been proposed—the federal and the confederal models—have a chance of succeeding, because not only do they not correspond to real relations in Yugoslavia today, but they also diverge from practice in the world where such complex models for a state, as the one proposed in our country, do not exist. Besides, pure models are theoretical models (fiction) that only exist in textbooks or other scientific studies without real chances of being applied in any society.

As history has demonstrated, only mixed and flexible systems and models have a chance of succeeding and lasting, only those systems and models which, because of their popularity and adaptability, could be altered according to historic developments and changes in society.

Therefore, I think that the most realistic thing, regardless of the name of the community, would be to find the right balance of things or solutions which will, on the one hand, ensure maximum political independence of the federal units and national, cultural, language, and other rights, and, on the other hand, full political consent on some basic constitutional-legal functions, competences, and powers of the federal state, and an agreement on the development of a modern, global concept (model) of a market economy, technological, information, and other links and standards which would represent the basic cohesive force and the foundations of the future state—via which we would enter Europe.

This is an not unknown experience and practice in the world, because what is characteristic of all modern federations in the world is that they are theoretically, politically, and significantly culturally decentralized and at the same time fully integrated and bound into one entity through the market mechanism and attitudes toward capital. In my view we do not need a new treaty, but a new agreement about a future community which will determine precisely the elements of our cohabitation (economic interests, national equality, sovereignty and the originality of the republics, the realization of the inalienable rights of man and citizens, and so forth). We need a completely new constitution which will be the optimal expression of all our demands, wishes, and interests, as well as projections and visions that would eventually result in or lead to new togetherness.

Therefore, I am nether in favor of a centralized federation nor for a union of states founded on a treaty, but in favor of a new historic agreement which will clearly state that Yugoslavia remains a community and an internationally recognized legal subject. I would like to see it as a democratically equal community based upon full equality of its citizens and the sovereignty of its republics which would transfer some of their competences onto the federation. They would regulate all other questions according to their specific and special interests. This would be a modern and flexible federation which, in my view, would be a guarantor of and a prerequisite for Yugoslavia's survival, as well as the basis for new togetherness founded on economic and other ties, on the interests and principles of a legal state, rather than on the elements of a national state and the nation.

Reform Forces' Draft Program Declaration

AU1610094990 Belgrade BORBA in Serbo-Croatian 8 Oct 90 pp 1, 3

[Unattributed TANJUG report: "Allies Instead of Enemies"]

[Text] Belgrade—"The Alliance proceeds from the view that a Yugoslavia in which citizens, peoples, and nationalities want to live together is a good Yugoslavia. The Alliance is in favor of such a state organization of Yugoslavia as will permit the full political, economic, and social self-confirmation of every citizen, every nation, and every republic. It favors a new democratic agreement among the people and their states founded on the economic and political reforms."

This is how the Alliance of Reform Forces of Yugoslavia (SRSJ) presented its views on Yugoslavia in a draft program declaration that is being prepared for the founding assembly scheduled for the second half of this month. The emerging Alliance defines itself in this document as "the core of the growing pan-Yugoslav movement for reforms. It rallies the citizens, and their parties and associations, who believe that they can jointly achieve peace, a better life, economic progress, mutual respect, and freedom."

The basis of the Alliance's activities is the program of economic and political reforms (of the government of

Ante Markovic). Current successes in the implementation of the program were possible thanks to great support and trust of the citizens who found the program suitable for overcoming the crisis in the country. "We do need enemies for we can prove that we can be successful even without them. We need allies," the "reform core" states.

The document warns that at this turning point, where we are at present, "energy is wasted, and hatred and despair rising, and that they are calling for the reinstatement of a political dictatorship. Nationalism and chauvinism, even racism, are being offered as the strongest means for a showdown with the current system and rival nationalisms."

Speeding up the incipient reforms and the democratic procedure, in which possible solutions are considered in a rational and tolerant way, without any and anybody's conditioning, is, as this document states, a condition for an agreement on the shape and substance of a new Yugoslavia. Attempts to resolve the Yugoslav crisis in any other way would lead to new clashes, divisions, and confrontations. "We consider these principles the foundation of Yugoslavia which will guarantee the joint interest—a unified market, currency, borders, the foreign policy, and the defense of the country—and ensure sovereignty to all peoples and republics in creating economic, political, and cultural institutions with a view to promoting their own prosperity without hindrance."

The Alliance is "led by European, world, and particularly our own rich experience that the national question and the clashes of national interests cannot be resolved through any kind of imposition, by unilaterally redrawing of the borders, and creating new barriers," and will fight for the "establishment of rules and institutions of a democratic consensus."

"The Alliance is aware that resolving the Kosovo problem is of key importance for the further development of Kosovo, Serbia, and Yugoslavia. We want to see clashes in Kosovo resolved though a dialogue and in a democratic way, and not in the battlefield. This is in the interest of Serbs, Montenegrins, Albanians and all other citizens who live in Kosovo.

Establishing democratic order in this part of our country is the only alternative to the model of domination and assimilation. The safe and peaceful life of all citizens of Kosovo assumes an end to repression, chauvinism, and anarchy, not only in this part of the country, but throughout the country.

A successful realization of the program of economic and political reforms is seen in the draft of this declaration as "the shortest road to integration in Europe for the country as a whole, as well as for all of its parts."

"The interests of the peoples of Yugoslavia and of the international community emphasize the importance of Yugoslavia as an independent and united country, an active factor in creating international peace, cooperation, and stability. Our foreign policy will be pragmatic but creative, it will bear the European precursors, and will be open to global trends and principles. The Alliance will promote the use of all advantages of regionalism in Yugoslavia, regional cooperation with Europe, and an active policy in Central Europe, the Mediterranean, and the Balkans.

The future of Yugoslavia, "the reformists" led by Ante Markovic optimistically point out, "is not as uncertain as it appears at the present turning point. Yugoslavia can become a modern and democratic European country. This does not even depend on us alone, because we are only a part of the process of transformation and unification on this continent."

Our tasks, this document stresses, "are both small and big." They are small because we want what everybody wants, we want what many who are more fortunate, but not necessarily better than us, have. They are big from the standpoint of our present situation, from the standpoint of what we have inherited. Expressing doubts that we will make up lost opportunities, and fearing the competition with those that are moving ahead of us, many people, the draft program of this document points out, "are playing a selfish game exaggerating these doubts and fear, and are therefore pushing us toward isolation. They are frightening us and stirring things up, only in order to allegedly protect us and make us equal again."

Many people have already realized what this game is all about, many more will realize it soon. The time is passing and much of it has been wasted. "This is why we are inviting you to join us now because even the longest road starts with initial first steps. The more of us there are, the shorter the road will be. Our life is determined here, not anywhere and not at any time. Let us fight for it. We will succeed because we offer reason and results"—this is the message of the Yugoslav "reform core."

People's Radical Party on Elections, Program

LD1510040990 Belgrade TANJUG Domestic Service in Serbo-Croatian 1636 GMT 14 Oct 90

[Text] Pecinci, 14 Oct (TANJUG)—Whether the People's Radical Party [Narodna Radikalna Stranka—NRS] will boycott the forthcoming elections or take part in them is still uncertain, said Zoran Cvijic, member of the main committee, in Pecinci today at a meeting at which the program goals of the party were presented.

According to the manner in which the electoral law is implemented, and according to how much the press, radio, and television will be open to the opposition parties, he said, we will decide on whether to boycott the elections. A definite decision on that will in any case be made only 15 days prior to the elections.

Cvijic mentioned numerous negative remarks of the opposition parties on the recently adopted republican constitution and the electoral law.

The coordinator of activities for the formation of local committees of the party in Vojvodina, Radonja

Bulatovic, stressed that the NRS is the second oldest party in Europe, and that it primarily supports the Serbian,—the Yugoslav—option.

This party, he added, supports the equality and brotherhood of peoples, as well as an effective and democratic federation.

SDS Leader Comments on Serbian National Council

LD1810131190 Belgrade TANJUG in English 1239 GMT 18 Oct 90

[Text] Sarajevo, 18 Oct (TANJUG)—The Serbian National Council is a reality which no one except the Serbian people can either alter or disband, president of the Serbian Demcoratic Party of the Republic of Bosnia-Herzegovina (SDP) [SDS] Dr Radovan Karadzic said at a news conference in Sarajevo today.

The formation of the council was said to represent a disappointment to all parties and other forces which had been preparing for outvoting the Serbian people in the Republic. The reactions to its establishment indicate that those forces include the League of Communists and the Alliance of Socialists, Karadzic said.

He pointed out that without the existence of the council the Serbian people in Bosnia-Herzegovina would after the forthcoming elections certainly lose their sovereignty and become a minority in the republic, which, he said, might attract feelings of sympathy in the world but would be unable to change their position.

The SDP does not challenge the right of other peoples in the republic to form their own national councils and has submitted a proposal to that effect to the republican Assembly, it was also emphasized.

The party also rejected accusations that it desires a boycott of the elections and their postponement.

Bosnian Executive Council Condemns Council

LD1910102490 Belgrade TANJUG Domestic Service in Serbo-Croatian 0805 GMT 19 Oct 90

[Text] Sarajevo, 19 Oct (TANJUG)—At its session last night, the Bosnia-Hercegovina Executive Council condemned the formation of the Serbian National Council in Bosnia-Hercegovina. This act is considered anticonstitutional and illegal in the extreme. This is, in the view of the republican government, a move indicating pretensions to power, or a share of power; in fact, it is an act which directly threatens the constitutional system and the order and peace in the republic. The Executive Council will, it says, fight against this and similar phenomena. The council also demands the same of all parties in the republic.

'Armed Units' Said Being Formed in Bosnia

AU1810170490 Zagreb VJESNIK in Serbo-Croatian 15 Oct 90 p 14

[Unattributed report by the Croatian News Agency, HINA: "B. Ekert on Illegal Military Units in Bosnia-Hercegovina"]

[Text] Sarajevo—The Presidency of Bosnia-Hercegovina has sent a letter to presidents of republican communes warning them about the untenability of some attempts to form units for various purposes, Branko Ekert, member of the Presidency of Bosnia-Hercegovina and president of its Council for National Defense, said on Saturday evening [13 October] during the second Sarajevo Television newscast. He was reacting to reports that armed units are being formed in some communes in Bosnia-Hercegovina along the border with the Republic of Croatia. We are undertaking all possible measures with a view to having the existing laws implemented, Ekert said, above all the Law on Public Gatherings, and in order that the organizers of rallies, in agreement with responsible bodies, be made responsible for everything that is happening at these rallies and is affecting the behavior of the people, particularly guests. In his statement to Sarajevo Television on Saturday evening, a representative of the Serbian Renewal Movement from Sabac did not try to conceal his knowledge of these volunteer units and said the reason for them was the threats to the Serbian population in Croatia.

Serbian Presidency Official Discusses Elections

AU1810191790 Belgrade BORBA in Serbo-Croatian 13-14 Oct 90 p 11

[Interview with Slobodan Vucetic, member of the Presidency of Serbia, by Dragana Sverko; place and date not given: "Braking at the Crossroads"]

[Excerpts] [introductory passage omitted] [Sverko] How do you regard the function of the election law at this moment?

[Vucetic] The significance of the election law on people's deputies, in contrast with the previous regulations in that field, is that it should enable the realization of one of the key democratic institutions of the new constitutional system: free and democratic elections. These will be multiparty elections, the first of this kind in new Yugoslavia, and their significance is even greater because the new republican Constitution sets up a completely new democratic social and state system.

[Sverko] Considering that there has been no mention of any possible amendments to the election laws, is it certain that nothing will be changed and no concessions will be made to the opposition parties?

[Vucetic] I do not think that it serves any purpose or that it is possible to change anything in the election timetable as it has been set, nor is there any objective need to do so.

The essential thing is to take all the political, organizational, and other measures so as to organize the election campaign well and democratically, with everybody having equal access to public information media on an equal footing. The term of two months until the first round of elections, and the additional 14 days until the next election round, are quite sufficient for all the parties to present both their programs and their candidates. Anyhow, in all the countries the elections are called by the respective state organs, in this case the Assembly of Serbia, and not the parties. [passage omitted]

[Sverko] It is difficult to make predictions, but do you think that the opposition will nevertheless run in the elections?

[Vucetic] I think that those parties will run in the elections that have serious intentions to contribute to democracy in Serbia and to the establishment of a democratic political system, and that enjoy considerable support from the voters. On the other hand the extremely complex political and even historic time in which we all live in Yugoslavia demands that all the democratic and responsible subjects in public life behave democratically and responsibly, and this means that they run in elections.

A possible boycott of the elections by some parties would objectively mean a boycott of the new system in Serbia, and of democracy. One should also bear in mind the fact that Yugoslavia as a federal state is at a fateful crossroads. Therefore the adoption of the new Constitution of Serbia and the elections are a great chance for Serbia not only to be set up as a democratic state but also to make its full contribution to the new agreement on the future of Yugoslavia. Abstaining from elections or announcing one's abstention is certainly an expression of disloyalty to the constitutional system of Serbia and Yugoslavia, and a sign of an irresponsible attitude toward them. A boycott of the elections would reduce the strivings of these parties for democracy and the prosperity of Serbia. [passage omitted]

[Sverko] The opposition parties proclaim that multiparty elections are the condition for Serbia's entry into Europe. In the opposite case, Serbia would remain "the last bastion of Bolshevism." What would be the chances of the Republic of Serbia joining in the European integration processes then?

[Vucetic] What is essential for the future democratic order in Serbia is not the behavior of individual parties but the adoption of a new democratic Constitution, which is not an ideologically colored act but is free of Bolshevism and any other ideology in a narrow sense. All the essential principles on which the new Constitution has been built are in fact proof and a guarantee of the democratic nature of the future system in Serbia. Therefore, it is a firm guarantee and "recommendation" of Serbia to the whole world and not only to Europe. The inclusion of Serbia in European integration processes is supported by the very Constitution which guarantees all the conditions and prerequisites of the market economy, free enterprise, and equality of all forms of ownership, including the participation of foreign capital.

[Sverko] What are the chances of Serbia becoming a modern democratic state if representatives of only one party will again be in its highest organs?

[Vucetic] I do not consider it realistic to suppose that the elections will be single-party elections or that we will have a single-party assembly. The election law itself envisages the possibility that a group of citizens may sponsor a candidate to run for deputy. This satisfies to a great extent precisely the requirement of citizens to work to promote their own interests alongside the parties and independent of them.

Eight More Parties Registered in Serbia

LD1810143290 Belgrade TANJUG Domestic Service in Serbo-Croatian 1628 GMT 17 Oct 90

[Summary] Belgrade, 17 Oct (TANJUG)—The Serbian Secretariat for Justice has registered eight more political parties:

The Prizren-based Democratic Reformist Party of Muslims [Demokratska Reformska Stranka Muslimana iz Prizrena].

The Belgrade-based Social Democratic Party of Serbian Romanies [Socijaldemokratska Partija Roma Srbije iz Beograda].

The Novi Sad-based League of Social Democratis of Vojvodina and Yugoslavia [Liga Socijademokrata Vojvodine/Juguslavije iz Novog Sada].

The Belgrade-based Association for Yugoslav Democratic Initiative [Udruzenja za Jugoslovensku Demokratsku Inicijativu iz Beograda].

The Belgrade-based Big Rock & Roll Party [Velika Rokenrol Partija iz Beograda].

The Belgrade-based Party of National Accord [Stranka Narodne Sloge iz Beograda].

The Belgrade-based Serbian Royalist Bloc [Srpski Rojalisticki Blok iz Beograda].

The Belgrade-based Yugoslav Socialist Democratic Party [Jugoslovenska Socijalisticka Demokratska Stranka iz Beograda].

Socialist Democrats To Participate in Serb Polls

LD1210135390 Belgrade TANJUG Domestic Service in Serbo-Croatian 1130 GMT 12 Oct 90

[Text] Belgrade, 12 Oct (TANJUG)—The Central Committee of the Yugoslav Socialist Democratic Party has decided to take part in the elections for the Serbian People's Assembly, scheduled for 9 December, and in Serbian local elections in towns where the party has a significant number of members and sympathizers.

The party will also, as announced in a statement of its Central Committee, take part in forthcoming assembly elections in other republics and regions.

Railroad Traffic Restored on Knin-Zadar Route

LD1810185490 Belgrade TANJUG in English 1437 GMT 18 Oct 90

[Text] Knin, 18 Oct (TANJUG)—After 18 days, due to barriers near Kistanja, railroad traffic was restored on Thursday around 1 pm local time on the route from Knin to Zadar in the Yugoslav Republic of Croatia.

The almost daily mining of tracks in the area has, however, continued. At 7:30 am on Thursday, the Knin-Gracac route was mined near Padjen, but the damage is slight so that traffic is expected to resume in the course of the day, head of the Knin traffic authority Dusan Visekruna said. Also, he said traffic resumed on the Una route from Knin to Bihac, in the Yugoslav Republic Bosnia-Herzogovina, after an interruption of two days.

The diversions of this kind come as part of the strained relations between the Croatian Government and the Serbian population in Croatia, but the culprits of these diversions, which fortunately had no serious consequences, did not make themselves known nor were they uncovered.

Traffic Problems in Croatia Due to Roadblocks

LD1810133290 Belgrade TANJUG in English 1219 GMT 18 Oct 90

[Text] Gospic, 18 Oct (TANJUG)—Traffic is still proceeding with much difficulty in the Yugoslav Republic of Croatia's region of Lika owing to roadblocks and damaged railway lines.

The roadblocks are being set up by the Serbian populations of Knin, Gospic and other towns in the region in an effort to prevent the implementation of the Croatian Government's decision to take away the weapons held by police reservists in the communes with large Serbian populations.

The perpetrators of several sabotage actions against railway lines in the region have not yet been found.

Passenger traffic on the main line linking the central Croatian Adriatic coast and the republic's interior has been reduced considerably and trains only start moving after noon every day.

Road traffic has been diverted to routes bypassing the region and buses from Gospic to Zadar now run via Karlobag.

The Automobile Federation of Croatia said today that the Gradac-Gospic and Gracac-Knin routes were also blocked, while traffic has started moving again along the Titova Korenica-Ljubovo-Gospic road, which was closed during the night owing to roadblocks.

Croatian Political Parties Meet, Issue Statement

LD1810220790 Belgrade TANJUG in English 1920 GMT 18 Oct 90

[Text] Zagreb, 18 Oct (TANJUG)—The representatives of around 20 political parties from the Yugoslav Republic of Croatia today accused federal organs of supporting the greater Serbian rebellion and terrorism in Croatia and of inviting aggression against the republic.

In a special statement from their meeting on Thursday, organized by the ruling Croatian Democratic Union, the parties urged the Croatian Government to do more in defending the republic's integrity, to immediately ensure normal traffic on its entire territory, and to protect the "Croatian population and the peaceful part of the Serbian population."

It was agreed that the attacks by republican authorities and Croatian President Franjo Tudjman on individual Croatian political parties should be condemned in the joint conclusions of the meeting, but the statement published did not contain such a condemnation.

An extra-parliamentary peacemaking group was formed to tour crisis areas in Croatia where clashes broke out between the majority Serb population and members of special units of the Croatian Interior Ministry after Serbs refused to hand over the weapons of police reservists. The group is headed by Vladimir Ivkovic of the Serbian Democratic Party, the most influential Serbian party in Croatia.

Croatian political parties said that the policy of the democratically elected Croatian Government cannot be the reason for the anxiety of the Serbian population but that what is in question is a "fear artificially created by the militant part of the Serbian Democratic Party and forces outside Croatia."

The Serbs says that they erected road and rail barricades around cities with a majority [words indistinct] population fearing the Croatian authorities' reaction. However, speakers at the meeting said that there was no violence of any kind against the Serbs and that such lies were calculated at destroying the Croatian state.

There were other views as well. Srdjan Dvornik of the League of Social Democrats said that the present situation in Croatia cannot be blamed on extremists from within and factors from outside the republic, but that the ruling Croatian Democratic Union and the Croatian Government must also bear part of the responsibility.

Slovenes Withdraw Money, Buy Foreign Currency

AU1810141190 Belgrade BORBA in Serbo-Croatian 16 Oct 90 p 1

[Jasna Kesic commentary: "Fear Empties Banks"]

[Text] It is almost a habit that as soon as they sense political insecurity, people first run to banks to withdraw their money. It is much safer, however, to keep foreign currency and dinars at home "under the mattress" for a rainy day, than think about what will happen to the money when we have to think about what will happen to us. This was the case in 1980, after Tito's death, and is the case now in Slovenia.

Between the beginning of the year and 10 October, the citizens of Slovenia purchased from banks $1.4 billion, and in the period of only five days (between 3 and 8 October) they purchased $127 million! In addition, they are cashing their entire salaries and exchanging the money for foreign currency, which has also found a place "under the mattress." The banks have almost been emptied. This was the reason that the National Bank of Slovenia and its governor Milica Ozbic issued an appeal to the citizens not to withdraw foreign currency from the banks because there were no grounds for that.

What has happened? What has suddenly "enlightened" the Slovenes and forced them to stand in long lines in front of bank counters to withdraw their money? They have most probably lost confidence in both their own Slovene and the federal state. It would be difficult to argue that the reasons for this did not exist.

The Slovene authorities are causing a feeling of insecurity among the citizens by increasingly frequent talks about a possible secession of this republic. The authorities themselves do not know what this would mean and what the financial impact of this "divorce" would be. It is not known how the Yugoslav foreign debt of $16 billion would be divided and where the $12 billion worth of citizens savings in foreign currency would end up.... Moreover, the rumor is that if Slovenia secedes, the National Bank of Yugoslavia would seize all its foreign currency assets.

A lack of confidence in the dinar in Slovenia has been amplified by the emergence of the "lipa" as a parallel currency. The continuous politicization of secession, after which the "lipa" would probably become the legal tender, only contributes to people's hysteric mood and behavior. In such a situation, in which nothing is known and in which people do not have confidence in their own state and authorities, it is logical that all dinars, "lipas," and other currencies would be exchanged for hard currency and kept at home or in Austrian banks. This appears to be the only safe thing today.

The federal government is not completely innocent in all this either. Failing to resolve problems at the federal level or deferring them for months, also contributes to such behavior by the Slovenes. Beneath some "public happenings"—the SFRY Presidency's sessions or the announced "crucial" sessions of the SFRY Assembly—there are "secret events" which the public learns about from various rumors in the media and from "reliable sources." They all unequivocally indicate that we are still not ready for an agreement or a scenario of how to resolve the constitutional crisis.

The worst thing to happen would be if the Slovene syndrome is transferred to other parts of the country—a possibility which cannot be excluded. On the contrary, it is very likely. In this case, the entire financial system of the country would find itself in a critical situation and the dinar would have difficulties in preserving the general equilibrium. The reform would collapse like a house of cards.

Poll Says Slovenes Prefer Secession to Federation

AU1810171890

[Editorial Report] Ljubljana DELO in Slovene on 6 October on pages 1 and 3 carries a 800-word report by Slava Partlic entitled "Public About the Territorial Defense Issue" on the results of an opinion poll conducted in Slovenia by DELO-Stik on territorial defense in Slovenia, secession in case confederation turns out to be impossible, and responsibility for the situation in the Knin Region.

According to the report, the poll was conducted on the telephone on 3 and 4 October among 492 telephone subscribers from Slovenia selected by computer. The following results of the poll are presented in three bar charts with figures in percentages:

Table 1: "The commander of the Territorial Defense Forces of Slovenia is the Slovene Presidency."

Agree completely	88.4
Mainly agree	2.8
Cannot decide, do not know	6.7
Mainly disagree	0.2
Disagree completely	1.8

Table 2: "In case confederation turns out to be impossible, are you in favor of a federation or secession?"

In favor of secession	79.9
In favor of a federation	5.3
Do not know	14.8

Table 3: "Serbs in Croatia are to blame for the situation in the Knin Region, because they exaggerate in their demands for an autonomy."

Agree completely	71.3
Mainly agree	14.9
Cannot decide, do not know	9.0
Mainly disagree	1.4
Disagree completely	3.5

Slovene Democratic Alliance Holds Rally 29 Sep

AU1010220090 Ljubljana NEODVISNI DNEVNIK in Slovene 1 Oct 90 p 4

[Peter Colnar report: "Big Rally of the Slovene Democratic Alliance at Smarjetna Gora: 'We Do Not Want To Get Out of the State Without Clothes or Shoes"]

[Text] Smarjetna Gora, 1 Oct—Several thousand people attended a large rally of the Slovene Democratic Alliance [SZD] on Saturday [29 September]. The rally was greeted by Vitomir Gros, mayor of Kranj, and by Miljenko Zagar, general secretary of the Croatian Democratic Community [HDZ]. Among the many speakers, those who have a leading role in the present Slovene state attracted particular attention.

Dimitrij Rupel, president of the SDZ, said in connection with the latest session of the republican Assembly that we used to be taught that this was new Yugoslavia. "For us, this is old Yugoslavia. The question arises whether we will still live in Yugoslavia next year. My answer is: We will not. A confederation is the road out of the present Yugoslavia. The Slovene problem has become a European problem. There are several such problems in Europe and therefore Europe must be newly arranged.... A law on Slovene citizenship should be adopted as soon as possible, otherwise we will merge with the others. We will start the procedure for Slovene passports soon...."

France Bucar, president of the Assembly of the Republic of Slovenia: "A discussion for and against a confederation, to stay or not to stay in Yugoslavia is under way. One must be aware that we are still in this unfortunate Yugoslavia and that we must exert efforts to get out. Appropriate tactics are needed. We must make sure that we do not get out of this state without any clothes or shoes. We will have to make a living afterwards too."

Tone Persak: A confederation is possible for us only as a contractual community of completely independent states, from which one can secede. The organs of this confederation cannot have any power.

Rajko Pirnat: "The constitutional law implementing the declaration on the independence of Slovenia did not pass in the Assembly. Part of the opposition voted against it for egoistic reasons, not because they thought that Yugoslavia still exists. They did so in order for directors to very cheaply gain decisive shares in enterprises. We know who these directors are. They said at the same time that we must allow the economy to be restructured. The party [Communist Party] was always like that. This is the party my generation knows well: full of big words, lies, and selfishness."

Peter Vencelj: "There will be private schools in addition to state schools. This will be healthy competition for the sake of better work, but not in the sense of market competition. It will be a privatization of all forms of schools, from kindergartens to colleges. There is no reason not to have a third private university. Our university needs competition badly."

Macedonia Considering Federal-Confederal Issue

AU1710154690 Belgrade BORBA in Serbo-Croatian 11 Oct 90 p 2

[N. Batkoski: "They Are Against the Old Model, and Want the New One To Be Agreed On"]

[Text] Skopje—In addition to Slovenia and Croatia, which have offered a joint concept of the confederal organization of Yugoslavia, Macedonia is also preparing its platform on the future setup of Yugoslavia. The Executive Council of the Macedonian Assembly offered to the public and expert and scientific institutions a draft of such a platform in which it proposes that an all-Macedonian forum be set up in the Macedonian Assembly to prepare a Macedonian option for negotiations on the future of Yugoslavia and the status of the republics and the peoples who live in them. The republican Executive Council will present its model for a discussion and adoption at one of the next sessions of the Macedonian Assembly.

The proposed platform states, among other things, that "the present model of the state organization of the SFRY should be changed since it is not capable of resolving new problems and is not appropriate for the new economic system and radical changes in the political system." It is emphasized that Macedonia considers acceptable those solutions of the state organization of Yugoslavia that ensure and guarantee "the state sovereignty and integrity of the Macedonian state, and guarantee equality and the determination of common interests with other sovereign republics through agreements."

The Executive Council of Macedonia does not say anything directly about whether a future Yugoslavia should be a federation or a confederation, but takes the view that this should be determined by the relations established through the negotiations of the republics that are uniting.

As regards the solution for the present crisis, the Executive Council of Macedonia proposes that a new federal constitution be adopted and that this constitution determine a procedure for exercising the right to self-determination, including secession. In this way the republics that want to secede would be able to receive international recognition. The federal constitution would guarantee the territorial integrity of every republic that was a sovereign republic in the present Yugoslav community. The alternative according to which only some republics or provinces would have a confederal status in the federal community is unacceptable for Macedonia. The assumption for a Yugoslav community is the common economic interest, that is, the existence of a unified capital, commodity, and labor market, and, on the basis of this, inclusion in the EC. According to the Macedonian proposal, Yugoslavia would perform at the federal level those functions that the republics agree on. There would be no place in Yugoslavia for majoritarianism or advantages for any sovereign republic regardless of the size of its population or territory. The common functions at the federal level are seen in the spheres of international relations, according to an agreement among the republics....

According to this proposal, joint organs would be elected on the basis of the parity representation of every sovereign republic.

Foreign Ministry Spokesman on Balkan Cooperation

*LD1810190890 Belgrade TANJUG in English
1549 GMT 18 Oct 90*

[Text] Belgrade, 18 Oct (TANJUG)—Yugoslavia is interested in the continuation of the initiated multilateral cooperation between the Balkan countries, Yugoslav Foreign Ministry spokesman Ivo Vajgl told a regular press conference here today.

A new process has begun in the Balkans which is leading to the further strengthening of confidence and understanding among the Balkan countries, Vajgl said.

The establishing of a multilateral political dialogue in the Balkans is particularly important for Yugoslavia, Vajgl emphasized.

The second conference of the foreign ministers of the Balkan countries will be held in Tirana from October 24 to 25, Vajgl said.

Yugoslavia views Balkan cooperation as an "inseparable part of European development to which the Balkan countries want to contribute as much as possible, primarily by settling existing problems and advancing bilateral relations, Vajgl said. [quotation marks as received]

Israeli Knesset Speaker Arrives, Makes Statement

*LD1810213390 Belgrade TANJUG in English
1740 GMT 18 Oct 90*

[Text] Belgrade, 18 Oct (TANJUG)—Jews and the peoples of Yugoslavia have since World War Two—when they suffered, fought and were victims—been cherishing friendship and I see no reason why diplomatic relations existed [words indistinct] in peacetime, said on Thursday [18 October] President of the Israeli Knesset (parliament) Dov Shilansky to TANJUG on arriving to Belgrade.

Shilansky stated the hope that diplomatic ties would be re-established at the soonest possible date.

The president of Israeli parliament and wife, arrived on a four-day visit to Belgrade and its Jewish community. He was welcomed by Belgrade Deputy Mayor Borislav Kuzmanovic and President of the Jewish community in Belgrade Jasa Almuli.

Shilansky is the highest Israeli official to visit Yugoslavia since Yugoslavia broke off diplomatic relations in June 1967.

Minister Says Sharon 'Not Welcome'

*LD1910220590 Belgrade TANJUG in English
1640 GMT 18 Oct 90*

[Text] Belgrade, 18 Oct (TANJUG)—Israeli Housing Minister Ariel Sharon "is not welcome in Yugoslavia in view of his well-known reputation," Yugoslav Foreign Ministry spokesman Ivo Vajgl told a regular press conference here today, explaining the Yugoslav government's official stand on the issue.

The Foreign Ministry was "greatly surprised to learn of the announcement of Sharon's visit to Yugoslavia, Vajgl said.

He added that the stand on Sharon's visit did not change Yugoslavia's orientation towards the gradual establishing of diplomatic relations with Israel. Relations will be established when that will be suitable to both countries, Vajgl said.

Vajgl added that he did not now whether Sharon had arrived in Belgrade and if so, what he was doing.

Israeli parliament President Dov Shilanski is welcome and his visit to Yugoslavia, which began today, is mutually beneficial, Vajgl said.